

**Early Morning Update**

The Sep '21 natural gas contract is trading up \$0.06 at \$3.96. The Oct '21 crude oil contract is down \$0.76 at \$67.60.

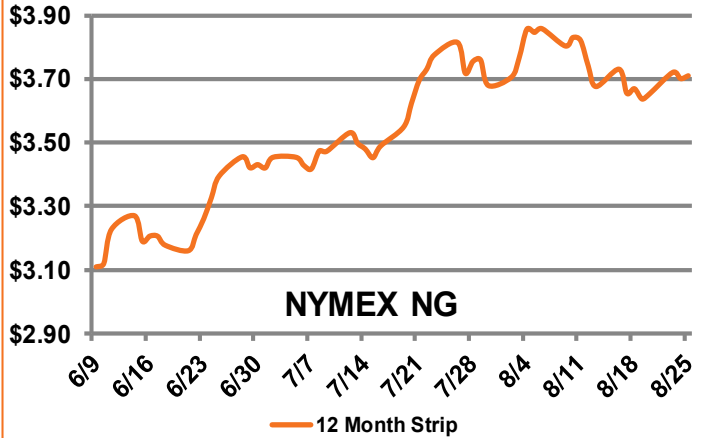
**Summary:** The natural gas prompt contract went on a roller-coaster ride of gains and losses during yesterday's trading session, settling slightly higher day-over-day. After a slow and bumpy start, the September contract hit its first inflection point around 9:30AM ET and shot up nearly a dime within an hour. Much of the sudden market strength was in reaction to lingering production constraints, most notably within the New Mexico region of the Permian Basin. Specifically, Line 2000 in the El Paso Natural Gas system has been under a Force Majeure capacity restriction for several days, forcing supply cutbacks in the area. Similar regionalized capacity derations nagging in Texas and Wyoming have accumulated to a nearly 3.0 Bcf week-over-week reduction in supply. However, the prompt's upward trend reversed by about \$0.12 within a few hours upon updates on the tropical system that could threaten demand and LNG exports sometime early next week. The September contract lastly strengthened by a few cents, eventually wiggling out a \$0.001 gain to close at \$3.897/MMBtu. The last push of the day was likely driven by market participant's expectations of another light storage report for the week ending August 30. Current polls are showing injection ranges within the ballpark of last year's 45 Bcf gain and the 44 Bcf five-year average build. An injection comparable to these benchmarks may not be enough to weaken prices, considering the significant shortfall of current storage levels.

**Bullish Factors**

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

**Bearish Factors**

- Stable production
- Year-to-date power burn below 2020
- Average temps outside of the West

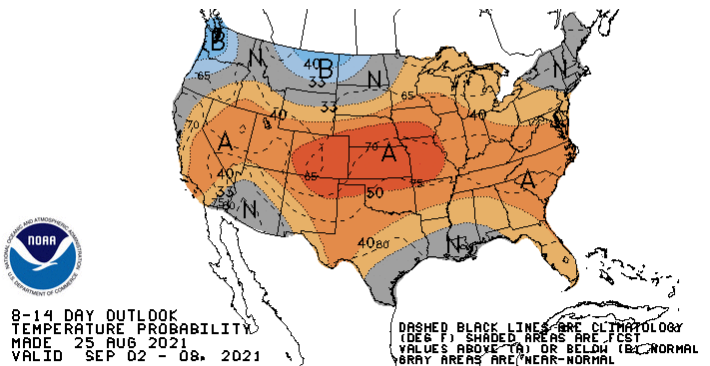
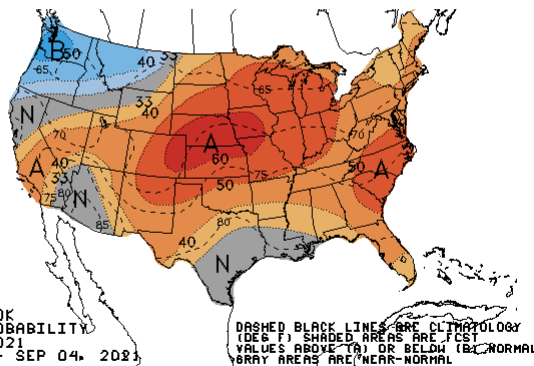
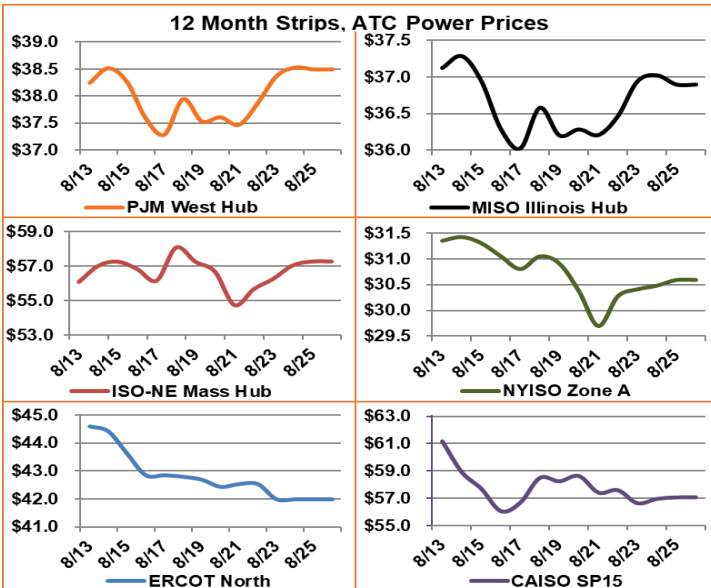


**Next Day On-Peak Power (traded for 8/26/2021)**

ISO-NE Mass Hub \$110.75	MISO Indiana Hub \$72.00	NYISO Zone G \$69.69
PJM West Hub \$77.66	ERCOT North \$65.48	CAISO SP15 \$63.54
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-21	3.897	0.001
Oct-21	3.925	0.009
12-Month	3.709	0.009
Cal 22	3.514	0.007
Cal 23	3.053	0.004

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,822	2,776	3,369	2,996
Diff v. Current		46	-547	-174
% Diff			-16.2%	-5.8%



90% 80% 70% 60% 50% 40% 33% 33% 40% 50% 60% 70% 80% 90%

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