

Early Morning Update

The Sep '22 natural gas contract is trading up \$0.08 at \$9.76. The Oct '22 crude oil contract is up \$1.14 at \$91.50.

Summary

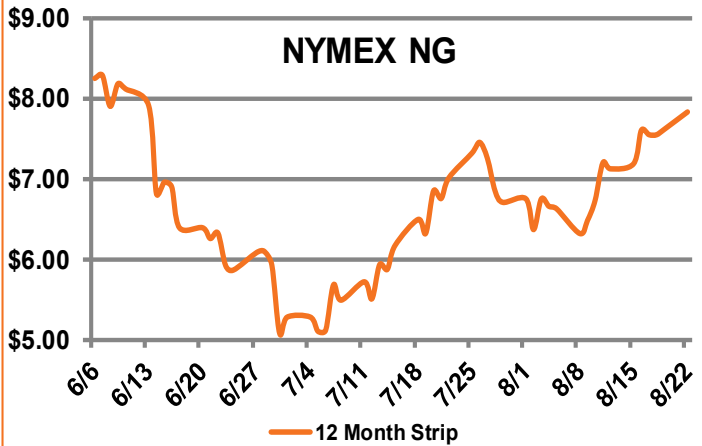
News of more uncertainty on European gas supplies plagued global energy markets yesterday, with NYMEX natural gas prices having another volatile day of trading. NYMEX prompt month prices traded in a broad range, but ultimately closed at \$9.68/MMBtu, up \$0.34 day-over-day. For the first time this year, the January 2023 natural gas contract traded above \$10/MMBtu, before settling at \$9.862/MMBtu. Russia's Gazprom announcement of already reduced flows on the Nord Stream pipeline helped spark the rally. They announced gas flows would be completely shut off for three days later this month for maintenance. In domestic news, normal summer temperatures have returned to the majority of the U.S., except for the West Coast, and this has helped gas demand return to levels more in line with 2021 – around 83 Bcf/d. Despite the return to lower demand levels, consensus for end-of-summer storage is 3.3 Tcf – significantly lower than the 5-year average of 3.6 Tcf.

Bullish Factors

- Sky-high global gas prices
- Western drought and continued heat
- Significant natural gas storage deficit

Bearish Factors

- LNG exports down due to Freeport fire
- Robust natural gas production
- Cooler temps in the East, Midcon, TX



Next Day On-Peak Power (traded for 8/23/2022)

ISO-NE Mass Hub \$103.61	MISO Indiana Hub \$114.90	NYISO Zone G \$114.17
PJM West Hub \$119.76	ERCOT North \$89.66	CAISO SP15 \$101.51

NYMEX NG	Close	Change
Sep-22	9.680	0.344
Oct-22	9.647	0.332
12-Month	7.827	0.214
Cal 23	6.528	0.138
Cal 24	5.143	0.070

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,519	2,501	2,815	2,886
Diff v. Current		18	-296	-367
% Diff			-10.5%	-12.7%

