

Early Morning Update

The Aug '22 natural gas contract is trading down \$0.26 at \$7.22. The Aug '22 crude oil contract is down \$2.10 at \$100.50.

Summary

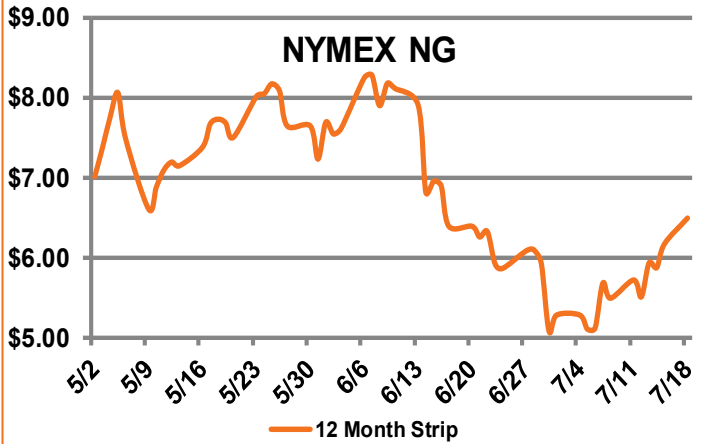
Yesterday, the NYMEX natural gas prompt month contract rallied 46.3 cents, settling at \$7.479/MMBtu. The strength was mainly towards the front of the curve, as calendar years 2023 and 2024 also settled higher. Cal '23 gained 18 cents, settling at \$5.498/MMBtu, while Cal '24 gained 3.4 cents, settling at \$4.685/MMBtu. Beyond that, longer terms settled lower between a range of less than a penny to five cents. Demand for gas via power burn remains strong, up 6.3 Bcf/d when comparing MTD data from July 2022 versus July 2021. So far this month, power burn is averaging 44.4 Bcf/d and is starting the week strong as preliminary data suggests over 47 Bcf/d today and over 48 Bcf/d tomorrow. Temperatures are strong across much of the country, and large swaths are expecting to see above-average temperatures this week. Peak demand notices are going out across all ISO's, as demand picks up with the heat. Northeastern ISOs with single coincident peak's, such as NYISO and ISO-NE, are expecting to set fresh peak-to-date demand this week. Index power prices may become volatile as grid operators seek to meet strong demand. Customers who pass through components such as energy and capacity should be cognizant of these conditions.

Bullish Factors

- High oil and 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



Next Day On-Peak Power (traded for 7/19/2022)

ISO-NE Mass Hub \$130.52	MISO Indiana Hub \$129.50	NYISO Zone G \$105.50
PJM West Hub \$126.37	ERCOT North \$219.65	CAISO SP15 \$108.67

NYMEX NG	Close	Change
Aug-22	7.479	0.463
Sep-22	7.382	0.456
12-Month	6.495	0.324
Cal 23	5.498	0.180
Cal 24	4.685	0.034

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,369	2,311	2,621	2,688
Diff v. Current		58	-252	-319
% Diff			-9.6%	-11.9%

