

Early Morning Update

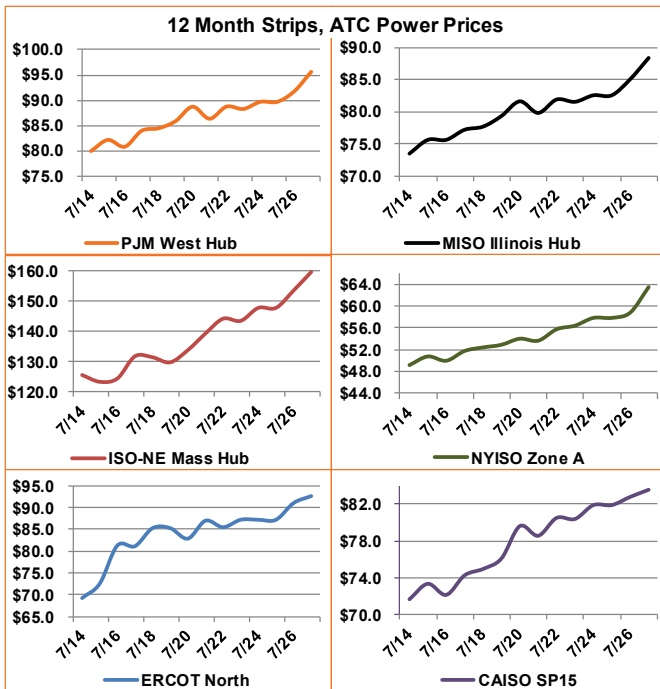
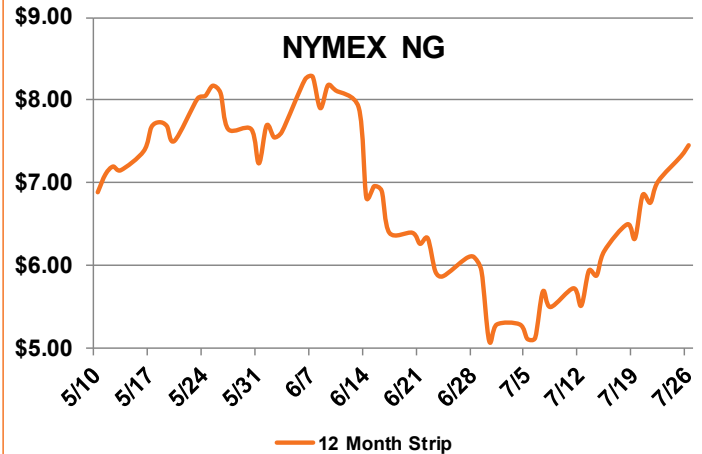
The Aug '22 natural gas contract is trading down \$0.24 at \$8.75. The Sep '22 crude oil contract is up \$1.01 at \$95.99.

Summary

2022 continues to surprise, as the prompt month crept once again toward the \$10 technical trading level yesterday. Today marks the final day of trading for August 2022 as prompt month. Yesterday, the NYMEX prompt month for August rose 26.6 cents on the day to settle at \$8.993/MMBtu. As has been the trend for the past few days the prompt month saw a large trading range between \$8.750-\$9.752/MMBtu. Welcomed mild temperatures have moved into the forecasts for the majority of the Eastern half of the country over the next week, before once again being blanketed by much warmer than normal temperatures. If August weather comes in anything like the past two months, the system will once again be tested with peaking demand, specifically in the Powerburn sector this summer. U.S. dry production has averaged right around 95 Bcf/d, still hovering below pre-pandemic levels during this period of record setting demand. Tomorrow the EIA is expected to report around a 25 Bcf build into storage, due to the peaking heat seen across the county last week. This would be lower than the five year average benchmark of 32 Bcf for the same week, continuing to widen the deficit to inventory levels adding to the concern for this upcoming winter.

Bullish Factors **Bearish Factors**

- High oil and global gas prices
- Western drought and continued heat
- Significant natural gas storage deficit
- LNG exports down due to Freeport fire
- Robust natural gas production
- Cooler temps in the East



Next Day On-Peak Power (traded for 7/27/2022)

ISO-NE Mass Hub \$102.52	MISO Indiana Hub \$115.79	NYISO Zone G \$111.16
PJM West Hub \$121.33	ERCOT North \$110.01	CAISO SP15 \$101.38

NYMEX NG	Close	Change
Aug-22	8.993	0.266
Sep-22	8.825	0.254
12-Month	7.450	0.133
Cal 23	5.935	0.018
Cal 24	4.786	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,401	2,369	2,671	2,729
Diff v. Current		32	-270	-328
% Diff			-10.1%	-12.0%

