

Early Morning Update

The Sep '22 natural gas contract is trading up \$0.18 at \$8.31. The Sep '22 crude oil contract is up \$1.97 at \$99.23.

Summary

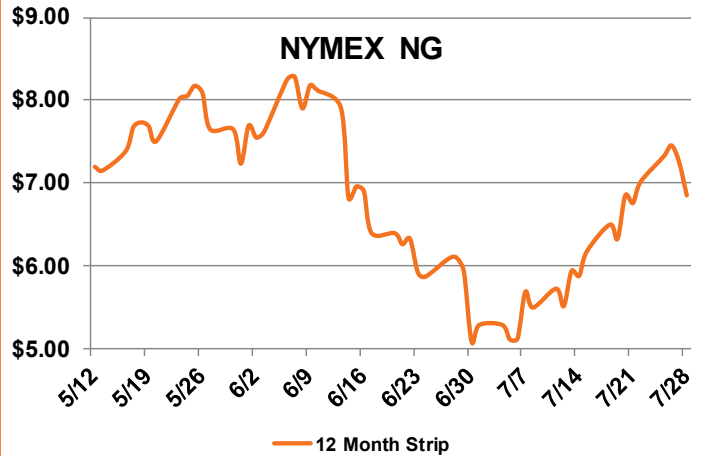
A large move down at the front of the curve yesterday as the prompt month (now September) settled down \$0.42 to close the day at \$8.134. The move down comes despite a disappointing storage report from the EIA, showing just 15 Bcf were added to reserves for the prior week. Very high demand from power generation due to the heat blanketing the country. We're seeing NG power burns significantly higher than last year and the weather forecasts indicate that it is unlikely to change course as heat looks likely for most of the country through the next few weeks. Due to the anticipated high demand, we're expecting builds into storage over the next few weeks of just +15-20 next week and +40-45 the following week. Given the low forecasted injections, the EOS storage estimates have fallen from a recent high of 3,650 to 3,450. Low storage reserves will provide price support for this winter as the market anticipates another tight supply/demand balance ahead of heating season.

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 7/29/2022)

ISO-NE Mass Hub \$110.01	MISO Indiana Hub \$106.50	NYISO Zone G \$117.69
PJM West Hub \$107.65	ERCOT North \$118.12	CAISO SP15 \$85.58

NYMEX NG

	Close	Change
Sep-22	8.134	-0.420
Oct-22	8.118	-0.408
12-Month	8.188	-0.407
Cal 23	4.676	-0.046
Cal 24	4.502	-0.039

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,416	2,401	2,709	2,761
Diff v. Current		15	-293	-345
% Diff			-10.8%	-12.5%

