

Early Morning Update

The Jul '22 natural gas contract is trading up \$0.17 at \$8.32. The Jul '22 crude oil contract is up \$1.33 at \$116.00.

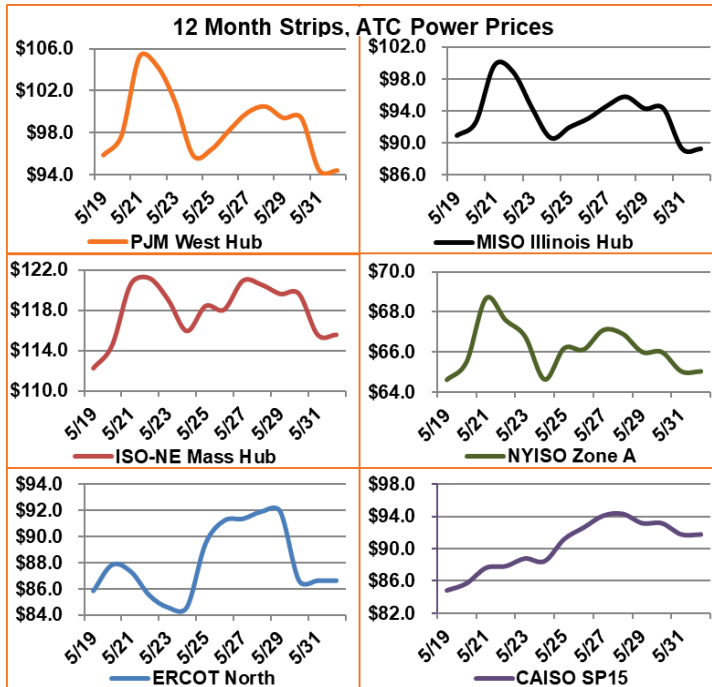
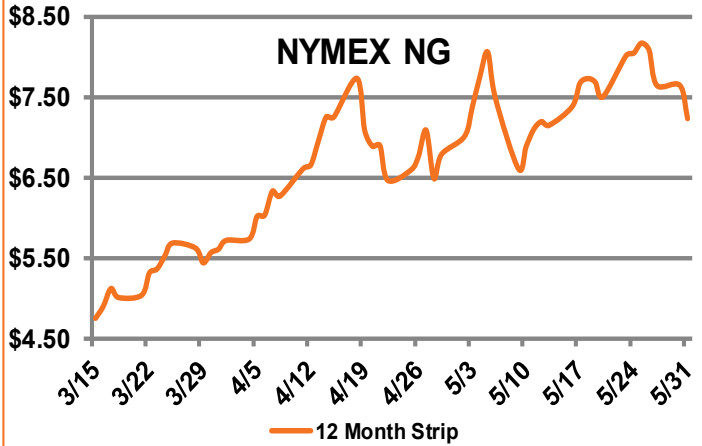
Summary: Summer has begun early, kicking off the season with some much-warmer-than-normal temperatures for the majority of the eastern half of the country and continued heat in the West. The good news is weather forecasts for the first half of June have moderated slightly for the eastern U.S., a welcomed update as the previous forecasts were showing the blanket of warmth lingering over the East. The market saw some welcomed downward movement in the hopes that U.S. dry production was on the rise, as it peaked at 95 Bcf/d on Friday. However, it has once again dipped below 94 Bcf/d today. The NYMEX natural gas contract for May fell 58.2 cents yesterday, settling at \$8.145/MMBtu. As has been the trend so far this year, the prompt month saw significant volatility, trading in a wide range throughout the day between \$8.11 and \$8.92. Tomorrow, the EIA is expected to report a build into storage in the neighborhood of 78 Bcf. This would create the largest deficit so far this year when compared to the 5-year average benchmark for that same week of 100 Bcf. This will only exacerbate the already tight supply/demand balance as we head into summer. U.S. LNG exports over the last week have averaged 12.7 Bcf/d, still lower than the peak capacity we saw earlier this year of 13.5 Bcf/d.

Bullish Factors

- Stagnant natural gas production
- High oil and global gas prices
- Western drought and continued heat

More Bullish Factors

- Large natural gas storage deficit
- LNG exports close to max
- Warmer-than-normal summer forecast



Next Day On-Peak Power (traded for 6/1/2022)

ISO-NE Mass Hub \$82.13	MISO Indiana Hub \$115.10	NYISO Zone G \$85.49
PJM West Hub \$113.51	ERCOT North \$95.00	CAISO SP15 \$77.76
NYMEX NG		Change
Jul-22	8.145	-0.582
Aug-22	8.138	-0.574
12-Month	7.231	-0.413
Cal 23	5.717	-0.159
Cal 24	4.557	-0.031

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,812	1,732	2,199	2,139
Diff v. Current		80	-387	-327
% Diff			-17.6%	-15.3%

