

Early Morning Update

The Jul '22 natural gas contract is trading up \$0.32 at \$9.01. The Jul '22 crude oil contract is up \$1.10 at \$114.15.

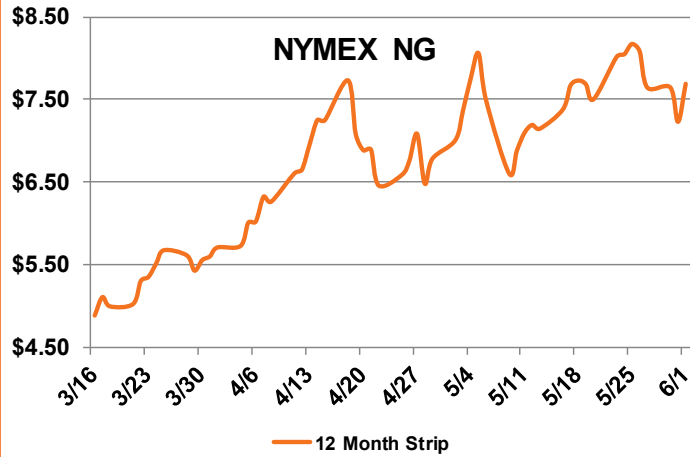
Summary: Natural gas prices rallied sharply during Wednesday's trading session, likely driven by an almost 2 Bcf/d drop in day-over-day production amidst steady industrial and power burn demand. The July contract traded as high as \$8.791/MMBtu intraday, \$0.646/MMBtu higher than Tuesday's \$8.145/MMBtu close. The prompt contract eventually settled at \$8.696/MMBtu, up \$0.551/MMBtu from the prior day. Wednesday's \$0.551/MMBtu delta is currently the second-largest day-over-gain within the July contract's trading history, behind only the \$0.649/MMBtu day-over-day gain from last Monday. The monthly contracts through next winter each climbed about \$0.500/MMBtu as well, and the entire twelve-month strip settled up \$0.458/MMBtu to \$7.688/MMBtu. It's certainly possible for prices to advance further after today's potentially bullish Energy Information Administration (EIA) storage report. Most major polls are expecting a build ranging from the low-70s Bcf to the low-90s Bcf, below the 100 Bcf historical benchmark from both last year and the five-year average. Storage is currently resting at 1,812 Bcf, 22% below last year and 18% below the five-year average.

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 6/2/2022)

ISO-NE Mass Hub \$79.86	MISO Indiana Hub \$83.05	NYISO Zone G \$81.64
PJM West Hub \$98.13	ERCOT North \$85.00	CAISO SP15 \$73.20

NYMEX NG

	Close	Change
Jul-22	8.696	0.551
Aug-22	8.686	0.548
12-Month	7.688	0.458
Cal 23	6.015	0.298
Cal 24	4.750	0.193

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%

