

Early Morning Update

The Jul '22 natural gas contract is trading up \$0.13 at \$8.62. The Jul '22 crude oil contract is up \$0.63 at \$117.50.

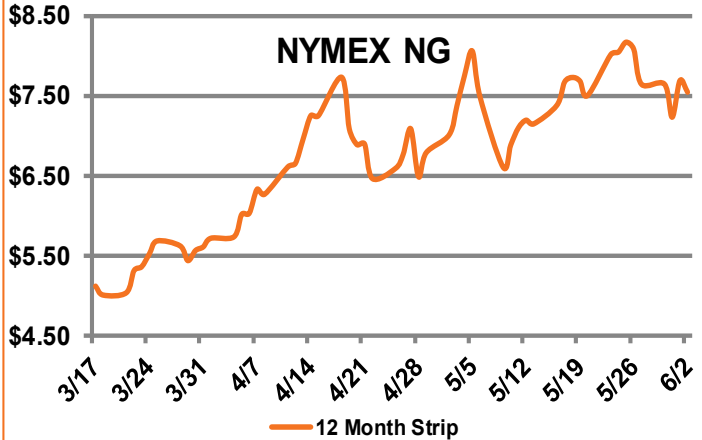
Summary: Stable natural gas production, a bearish storage report, and cooler temperatures for much of the nation combined to put downward pressure on natural gas prices yesterday, with the prompt month losing 21 cents, settling at \$8.465/MMBtu. Dry natural gas production has been hovering around the 94.5 Bcf/d level all week and is expected to maintain that level for at least the next two weeks. The U.S. Energy Information Administration reported a 90 Bcf increase in storage inventories for the week to May 27. Although falling short of the build seen last year for the corresponding week, as well as the 5-year average injection, both of which were 100 Bcf, it did beat the projected estimate by 8 Bcf. Storage stockpiles now stand at 1,902 Bcf, about 15% less than the five-year average for this time of year. Augmenting the current bearish sentiment in the market, colder-than-normal temperatures are forecast for most of the Midcontinent, with normal temperatures expected everywhere else except the West and parts of the South, which are expected to continue to bake under hot temperatures. Looking forward, the upcoming week is expecting some changes to Northeast regional prices with summer pipeline maintenance ramping up in several locations on multiple lines.

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 6/3/2022)

ISO-NE Mass Hub \$81.25	MISO Indiana Hub \$86.75	NYISO Zone G \$74.42
PJM West Hub \$85.24	ERCOT North \$78.00	CAISO SP15 \$57.52
NYMEX NG	Close	Change
Jul-22	8.485	-0.211
Aug-22	8.474	-0.212
12-Month	7.544	-0.144
Cal 23	5.988	-0.027
Cal 24	4.807	0.057

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,902	1,812	2,299	2,239
Diff v. Current		90	-397	-337
% Diff			-17.3%	-15.1%

