

Early Morning Update

The Jul '22 natural gas contract is trading down \$0.02 at \$8.59. The Jul '22 crude oil contract is up \$2.27 at \$123.20.

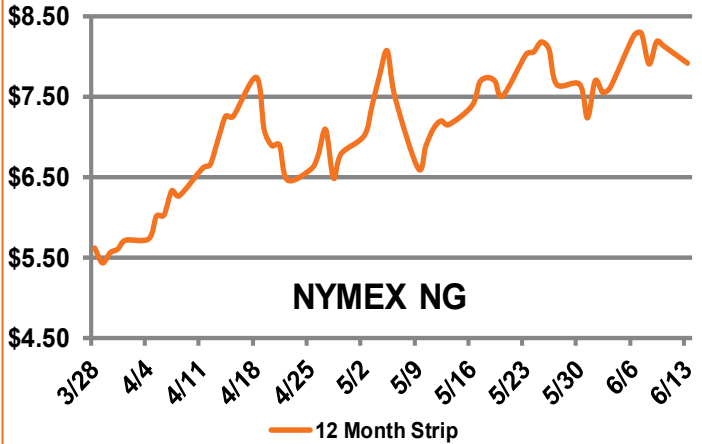
Summary: Yesterday, the natural gas prompt month contract slid 24 cents, closing the day at \$8.609/MMBtu. If you look back one week, the same contract for July settled at \$9.322/MMBtu on Monday, June 6, following a 79.9 cent rally on this day. Yesterday's closing price of \$8.609/MMBtu represents a 71 cent drop over the course of the week, from Monday to Monday. While the longer term calendar strips also settled lower yesterday, they're generally higher week-over-week, particularly in Cal 2025, which is up 26.2 cents since last week, but also lost 5.7 cents yesterday. Summer weather is top of mind for millions of American's this week, as strong heat engulfs much of the country from Texas to Chicago to Charlotte, all forecasting near 100 degrees today. As such, power burns are all projected to reach a year-to-date high of 41.5 Bcf/day, led by the Southeast region accounting for 14.6 Bcf/day, a new record high for the region. Power burns, in general, are higher versus this time last year, up 1.03 Bcf/day, or 4% higher. This year-over-year trend higher for power burns could continue if a hotter-than-average summer is actualized, as coal supplies and prices are also higher this summer versus last.

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 6/14/2022)

ISO-NE Mass Hub \$85.71	MISO Indiana Hub \$165.00	NYISO Zone G \$93.87
PJM West Hub \$153.60	ERCOT North \$85.08	CAISO SP15 \$68.40

NYMEX NG	Close	Change
Jul-22	8.609	-0.241
Aug-22	8.619	-0.248
12-Month	7.907	-0.206
Cal 23	6.617	-0.101
Cal 24	5.315	-0.047

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,999	1,902	2,397	2,339
Diff v. Current		97	-398	-340
% Diff			-16.6%	-14.5%

