

**Early Morning Update**

The Jul '22 natural gas contract is trading up \$0.22 at \$7.41. The Jul '22 crude oil contract is down \$0.63 at \$118.30.

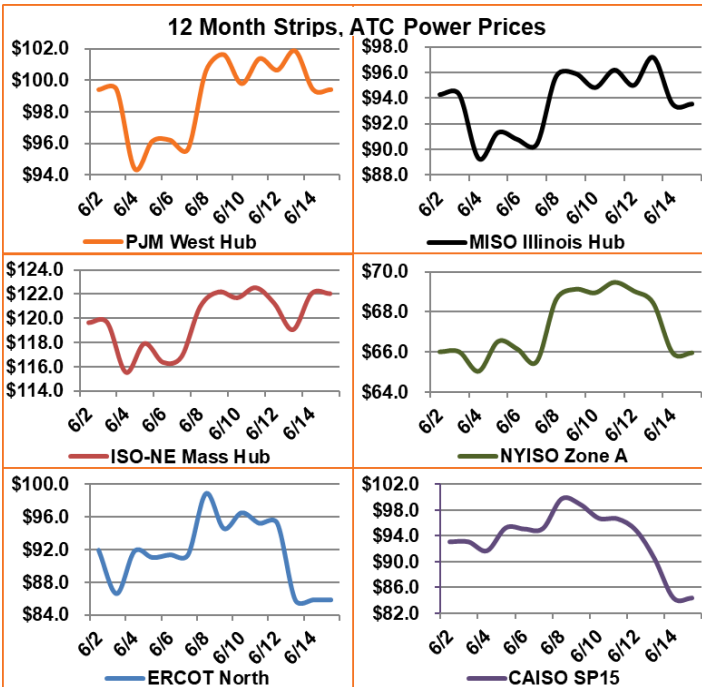
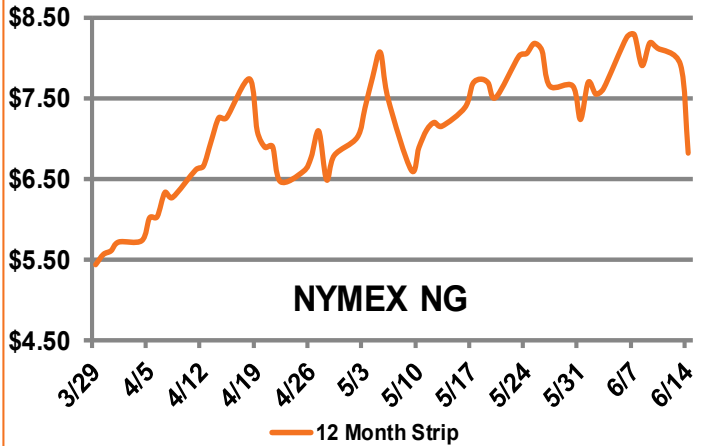
**Summary:** There was a big shift lower yesterday in NYMEX natural gas prices as the July 2022 prompt month contract slid \$1.42 to close at \$7.189/MMBtu. At one point, it almost broke below the \$7 handle when it touched \$7.008 before rebounding slightly. The winter strip followed closely behind as it dropped \$1.27, and the 12-month strip moved \$1.09 lower. The calendar strip for 2023 lost 53 cents and Cal 2024 gave up 16.5 cents, while all other forward strips lost between 7.8 and 10 cents. The backwardation remains stretched out to Cal 2027, which closed the day at \$4.656/MMBtu. The driver for the big shift lower was likely Freeport LNG's press release announcing their expectations that repairs and a return to full operations at their liquification plant in Texas will take until late 2022, with partial operations expected to resume in 90 days. This is a much longer timeline than was originally assumed just following the explosion on June 8th. Meanwhile, domestic production continues to hover between 94 and 95 Bcf/d, and U.S. demand is seeing growth in the power burn sector as the high temps continue across the Midcontinent and the southern and western United States.

**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 6/15/2022)**

ISO-NE Mass Hub \$75.66	MISO Indiana Hub \$196.67	NYISO Zone G \$110.89
PJM West Hub \$179.58	ERCOT North \$80.73	CAISO SP15 \$73.91
NYMEX NG		Change
Jul-22	7.189	-1.420
Aug-22	7.180	-1.439
12-Month	6.815	-1.092
Cal 23	6.083	-0.534
Cal 24	5.150	-0.165

**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%

