

**Early Morning Update**

The Jul '22 natural gas contract is trading up \$0.37 at \$7.79. The Jul '22 crude oil contract is down \$0.91 at \$114.40.

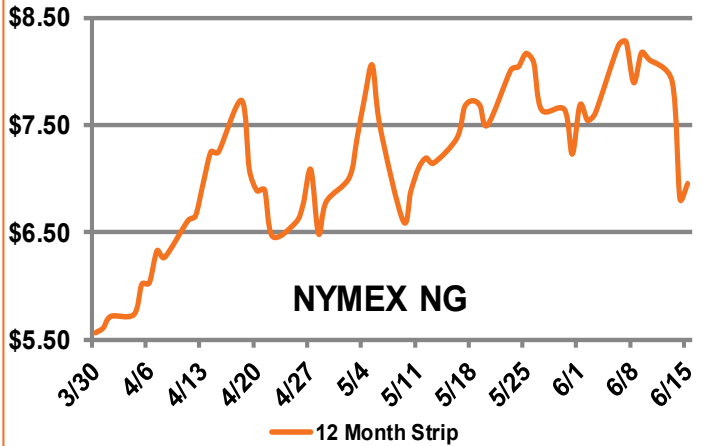
**Summary:** There was weaker volatility in the NYMEX natural gas market yesterday with most of the movement at the front of the curve. The prompt month settled \$0.231 higher day-over-day at \$7.42/MMBtu. Although the prompt month price rose, it still closed \$1.19 lower relative to Monday's settle. The 12-month strip jumped \$0.139 since the prior trading day to close at \$6.954/MMBtu. The Cal 2023 strip gained \$0.03, while Cals 2024-2034 gained between \$0.04-\$0.06 in yesterday's trading session. These price increases can be attributed to a tightening of natural gas supply and demand fundamentals. On the supply side, there was an increase to U.S. production by 0.3 Bcf/d, mostly coming from the production in the Northeast region. At the same time, Canadian imports decreased by 0.1 Bcf/d, which partially offset any domestic production increases. Power burn demand set a year-to-date high at 45.1 Bcf/d yesterday, but has backed off slightly to 43.9 Bcf/d today. Today's storage estimates are bullish at around 91 Bcf, up 63 Bcf from the injection seen for the same week last year. Temperature forecasts in the Midwest and Southeast remain high as that heat will shift to the West in the back half of June.

**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 6/16/2022)**

ISO-NE Mass Hub \$74.00	MISO Indiana Hub \$164.23	NYISO Zone G \$93.87
PJM West Hub \$153.49	ERCOT North \$80.00	CAISO SP15 \$67.14

NYMEX NG	Close	Change
Jul-22	7.420	0.231
Aug-22	7.406	0.226
12-Month	6.954	0.139
Cal 23	6.115	0.033
Cal 24	5.193	0.043

**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%

