

Early Morning Update

The Jul '22 natural gas contract is trading up \$0.07 at \$6.31. The Aug '22 crude oil contract is up \$2.17 at \$106.44.

Summary: In what started as a quiet day, the market ended up threatening to trade with a \$5-handle. The EIA reported a much-larger-than-expected 74 Bcf injection. Estimates were in the mid-50's so this larger injection implied a looser supply/demand balance, at least for last week. The effect was that the market dropped immediately and eventually settled down \$0.619 at \$6.239. This was the lowest settle price since 4/6/22. Months further out the curve fell as well, but not nearly as much as near-term months. Cal '23 fell \$0.15 and Cal '24 fell \$0.04. The report was a surprise and made the market wonder what the real impact of Freeport will be.

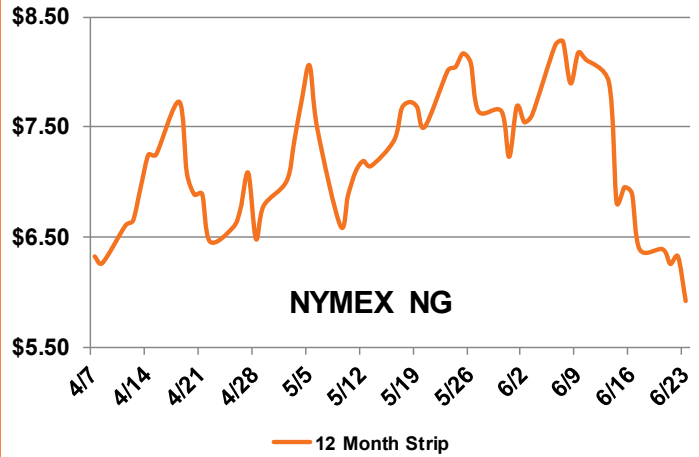
On the power side, volatility continued, especially in the mid-con as high temps continues to drive very high demand, leading to high prices, especially in MISO and ERCOT. Record high demand is being set in those regions, testing reserve margins.

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 6/24/2022)

ISO-NE Mass Hub \$61.56	MISO Indiana Hub \$99.00	NYISO Zone G \$71.10
PJM West Hub \$101.56	ERCOT North \$111.57	CAISO SP15 \$71.54

NYMEX NG Close Change

	Close	Change
Jul-22	6.239	-0.619
Aug-22	6.283	-0.589
12-Month	5.923	-0.402
Cal 23	5.242	-0.149
Cal 24	4.748	-0.042

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,169	2,095	2,474	2,500
Diff v. Current		74	-305	-331
% Diff			-12.3%	-13.2%

