

Early Morning Update

The Jul '22 natural gas contract is trading down \$0.02 at \$6.20. The Aug '22 crude oil contract is up \$0.28 at \$107.90.

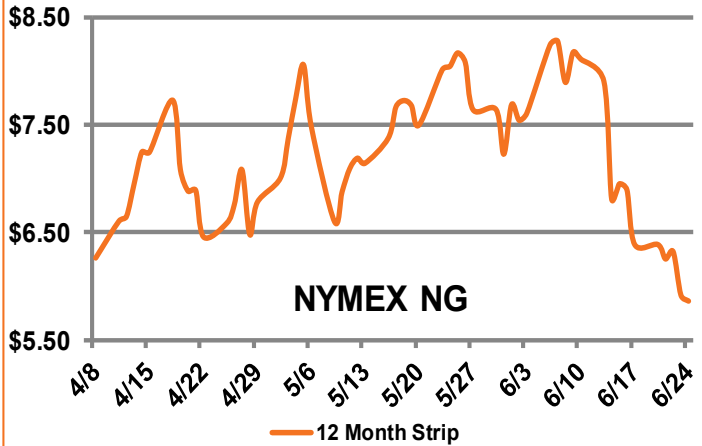
Summary: The natural gas prompt month closed out the week at \$6.22/MMBtu, down \$0.019 day-over-day, while the 12-mo strip finished at \$5.867/MMBtu, down over 50 cents from the previous day. Over the weekend, demand, production, and exports were largely flat. Production increased to 95.4 Bcf/d on Saturday and has not moved since, while exports to Mexico and LNG exports both decreased since Friday by 0.2 Bcf/d each and currently sit at 6.0 Bcf/d and 10.2 Bcf/d, respectively. The only sector to see some change was demand. However, the changes in demand were offset by each other. Power burn saw a decrease of 2.8 Bcf/d and is currently at 38.8 Bcf/d. The Northeast saw the largest decline of power burn demand, followed by the Southeast, and then Texas. Res/comm demand increased by 1.3 Bcf/d and is currently at 12.5 Bcf/d. Both the Midcon and Northeast regions saw res/comm demand increases of 0.6 Bcf/d over the weekend. Current weather projections show a relief from heat in the ERCOT region, with temperatures forecasted lower than normal. The rest of the nation is expected to be at normal summer temperatures, except for CAISO, which will see slightly higher-than-normal temperatures.

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 6/27/2022)

ISO-NE Mass Hub \$64.71	MISO Indiana Hub \$80.16	NYISO Zone G \$80.88
PJM West Hub \$88.95	ERCOT North \$74.50	CAISO SP15 \$82.22
NYMEX NG	Close	Change
Jul-22	6.220	-0.019
Aug-22	6.281	-0.002
12-Month	5.867	-0.056
Cal 23	5.120	-0.122
Cal 24	4.621	-0.127

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%

