

**Early Morning Update**

The Aug '22 natural gas contract is trading up \$0.15 at \$6.72. The Aug '22 crude oil contract is up \$1.54 at \$113.30.

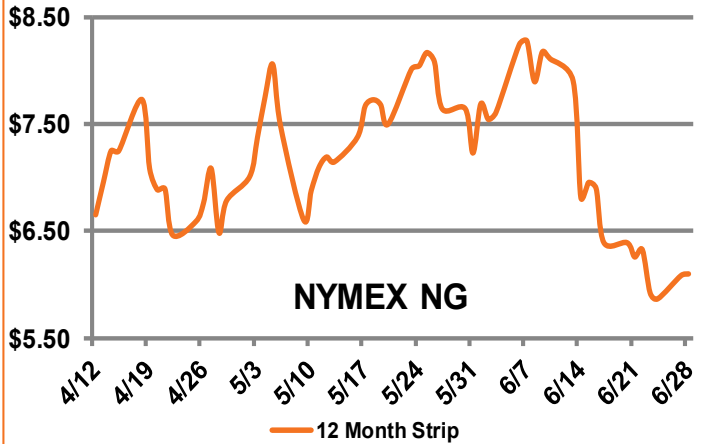
**Summary:** Yesterday saw little day-over-day change for natural gas, despite a nearly 40-cent trading range for the prompt month on its settlement day, as the July 2022 contract ultimately closed at \$6.551/MMBtu for the month, representing a climb of five cents from Monday's close. The more interesting stat is the \$2.26 drop that July saw during it's time as the prompt month from its initial opening price at \$8.81/MMBtu on May 27th. The rest of the near-term forward curve moved in a similar manner to July, with a wide trading range through early 2023, but with the balance of 2022 moving up just 2.6 cents and the 12-month strip climbing just 1.7 cents. There was slight movement to the downside for all forward months beyond March 2023, with the calendar strip for 2023 showing no day-over-day change, 2024 showing a two-cent drop, and then a three-cent drop on every year from 2025 through 2034. The backwardation stretches out to 2027, with the low price on the board at \$4.42, which represents a 77-cent discount to the near-term 2023 calendar strip. On the natural gas demand side of the supply/demand balance, power burn demand has eased over the past seven days, likely on the milder temperatures this week.

**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 6/29/2022)**

ISO-NE Mass Hub \$67.15	MISO Indiana Hub \$84.00	NYISO Zone G \$72.75
PJM West Hub \$100.32	ERCOT North \$76.33	CAISO SP15 \$67.29
NYMEX NG	Close	Change
Jul-22	6.551	0.050
Aug-22	6.570	0.024
12-Month	6.100	0.017
Cal 23	5.205	-0.006
Cal 24	4.631	-0.021

**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%

