

Early Morning Update

The Jun '22 natural gas contract is trading up \$0.35 at \$9.15. The Jul '22 crude oil contract is up \$1.33 at \$111.10.

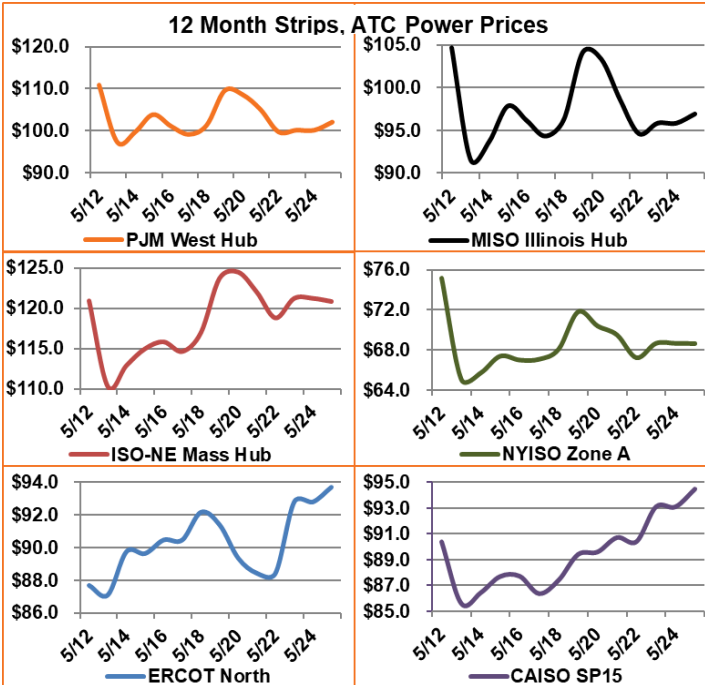
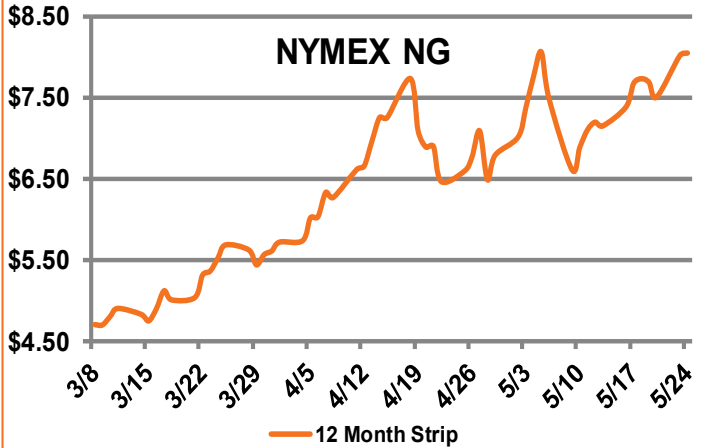
Summary: There was mixed movement during yesterday's NYMEX natural gas trading session, with the near-term moving higher, the middle of the curve dropping lower, and further out calendar strips all shifting upward. The June 2022 prompt month contract showed a gain of 5.2 cents on the day, closing at \$8.796/MMBtu, although it did reach as high as +18 cents at one point before trading back lower. The 12-month strip followed closely behind, gaining 3.2 cents, but, interestingly, much of the upward movement in the strip occurred at the prompt month and March through May 2023, with the three months averaging nearly eight cents higher. At one point during yesterday's trading, the contracts for July 2022, December 2022, and January 2023 all moved above the \$9 barrier before trading lower to close. As of market open this morning, all months through February 2023 have moved above \$9. There was slight downward movement from 2025 through 2028 yesterday of around two cents, and 2025 remains the low point at \$4.172. Towards the end of the curve, calendar strips 2029 through 2034 all shifted up 6.8 cents. Production remains stagnant at 94 Bcf/d, while demand is averaging 4.6 Bcf/d higher for the month compared to last year. The June 2022 natural gas contract expires tomorrow.

Bullish Factors

- Stagnant natural gas production
- High oil and global gas prices
- Western drought and continued heat

More Bullish Factors

- Large natural gas storage deficit
- LNG exports close to max
- Warmer-than-normal summer forecast



Next Day On-Peak Power (traded for 5/25/2022)

ISO-NE Mass Hub \$74.62	MISO Indiana Hub \$82.63	NYISO Zone G \$77.70
PJM West Hub \$77.09	ERCOT North \$80.00	CAISO SP15 \$88.08

NYMEX NG	Close	Change
Jun-22	8.796	0.052
Jul-22	8.836	0.009
12-Month	8.045	0.032
Cal 23	5.872	0.070
Cal 24	4.497	0.018

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,732	1,643	2,090	2,042
Diff v. Current		89	-358	-310
% Diff			-17.1%	-15.2%

