

Early Morning Update

The May20 natural gas contract is trading down \$0.13 at \$1.62. The Jun20 crude oil contract is down \$4.54 at \$12.40.

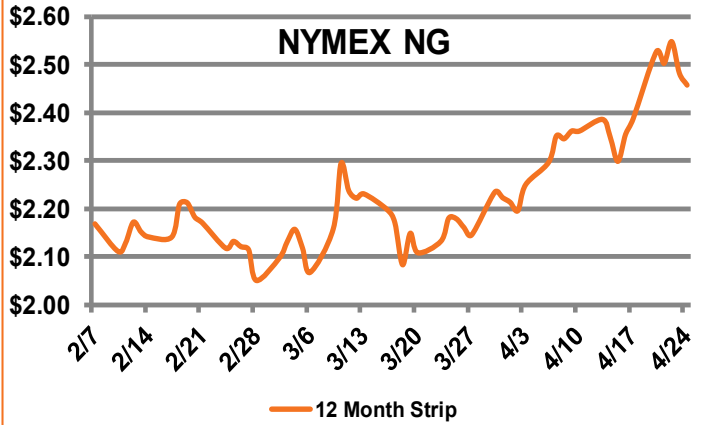
Summary: On Friday, the May 2020 NYMEX natural gas futures price dipped down 6.9 cents on the day to settle at \$1.746/MMBtu, just under five cents lower week-over-week. Supply glut and lack of storage drove crude oil pricing lower, with the prompt month down about \$4 versus last week, trading just over \$12/barrel this morning. Power burn, natural gas used for power generation, is up about 1.0 Bcf/d for April, mostly due to low gas pricing coupled with the current nuclear maintenance season. Weather forecasts continue to show cooler-than-normal temps in the Northeast through the beginning of May, while a blanket of warmth can be seen starting in the West and moving towards the middle of the country. Rigs counts continue to fall, down just over 400 rigs versus this time last year, as pricing remains very low for natural gas and crude, putting pressure on producers. While the effects have yet to be seen in the supply numbers, expectations are that we may see declines in production later this year into next winter. U.S. dry production remains just above 92.0 Bcf/d, just over 3.0 Bcf/d from where we were this time in 2019.

Bullish Factors

- Eventual growth in exports
- Northeast below-normal temps
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Bearish Factors

- Coronavirus impacts
- Healthy storage levels
- Steady production



Next Day On-Peak Power (traded for 4/27/2020)

ISO-NE Mass Hub \$22.72	MISO Indiana Hub \$22.33	NYISO Zone G \$17.70
PJM West Hub \$20.83	ERCOT North \$20.00	CAISO SP15 \$18.30

NYMEX NG	Close	Change
May-20	1.746	-0.069
Jun-20	1.895	-0.047
12 Month	2.458	-0.025
Cal 21	2.701	-0.013
Cal 22	2.499	-0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,140	2,097	1,313	1,776
Diff v. Current		43	827	364
% Diff			63.0%	20.5%

