

Early Morning Update

The Jun20 natural gas contract is trading up \$0.03 at \$1.97. The Jun20 crude oil contract is up \$2.31 at \$26.30.

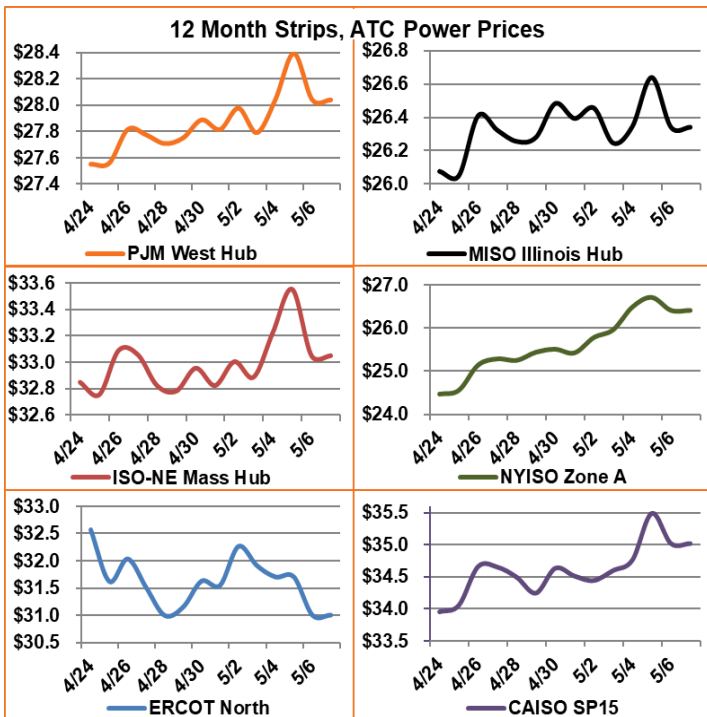
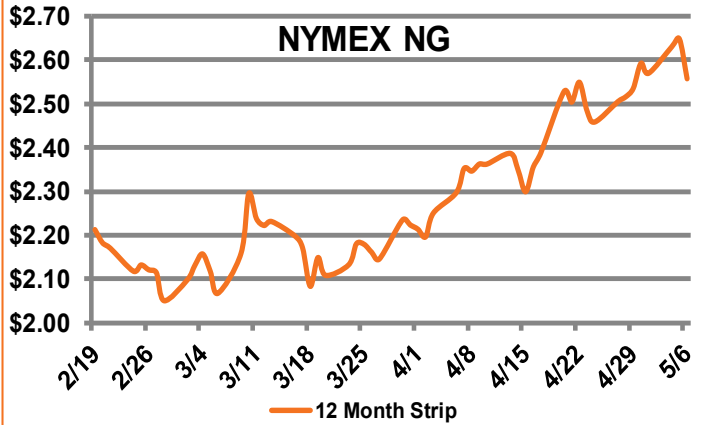
Summary: After settling at a four-month high of \$2.13 on Tuesday, the June contract pulled back 19 cents yesterday and settled at \$1.94/MMBtu. The Q3 and Q4 strips for 2020 both weakened as well, respectively falling nearly 13 cents and 9 cents. This slip in prices may be related to eased supply concerns, as northeast production has recovered to pre-TETCO explosion levels. Additionally, while eastern temperatures for the next few days are quite cold and bullish, heating demand is expected to weaken during May's much warmer second half. Given the country's domestic storage health, the market also seems to be growing more comfortable with any coming production slowdowns. U.S. stockpiles are currently at a 55% surplus to last year and a 20% surplus to the five-year average. Today's storage report by the U.S. Energy Information Administration is expected to increase this surplus significantly, as the predicted injection range is between 101 and 114, with a consensus at 111 Bcf. This range well outpaces the 74 Bcf average build over the last five years.

Bullish Factors

- Eventual growth in exports
- Northeast below-normal temps
- Possible production curtailments

Bearish Factors

- Coronavirus impacts
- Healthy storage levels
- Warmer normal temperatures



Next Day On-Peak Power (traded for 5/7/2020)

ISO-NE Mass Hub \$18.50	MISO Indiana Hub \$22.50	NYISO Zone G \$17.50
PJM West Hub \$20.40	ERCOT North \$16.77	CAISO SP15 \$28.39
NYMEX NG	Close	Change
Jun-20	1.944	-0.190
Jul-20	2.171	-0.141
12 Month	2.557	-0.091
Cal 21	2.718	-0.031
Cal 22	2.505	0.000

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,210	2,140	1,427	1,850
Diff v. Current		70	783	360
% Diff			54.9%	19.5%

