

Early Morning Update

The Jul20 natural gas contract is trading flat to yesterday's close at \$1.82. The Jul20 crude oil contract is down \$0.34 at \$36.95.

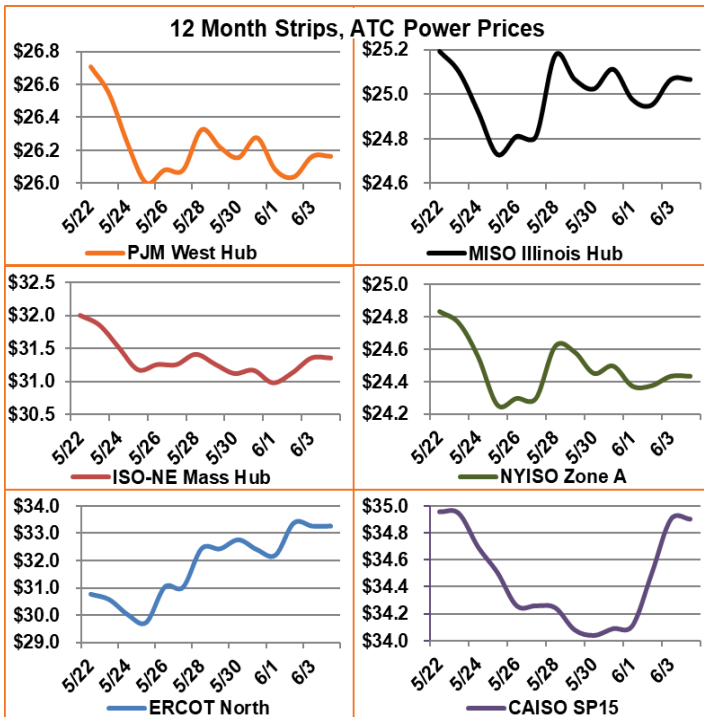
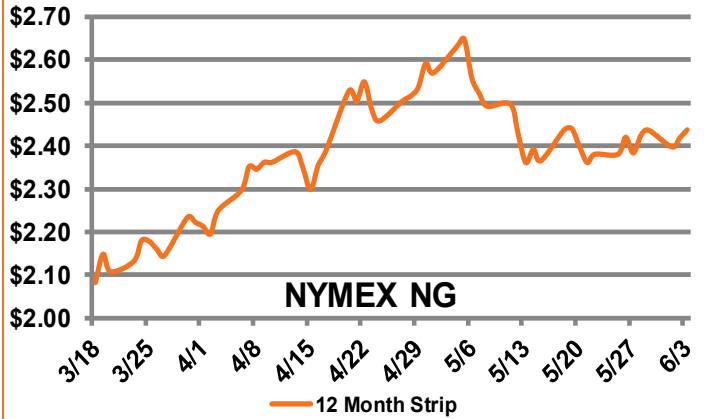
Summary: After a quiet trading day on Tuesday, the July contract rose 4.4 cents throughout yesterday's trading activity and settled at \$1.821/MMBtu. Simple supply and demand fundamentals can most likely explain a large portion of this strength. Demand for natural gas is beginning to increase as the country slowly mobilizes and is expected to rise about 6.0 Bcf/d over the next two weeks. The majority of the demand increase is coming from power burns in the Northeast as the heatwave continues. Supply has stagnated at curtailed levels and remains at about 87 Bcf/d. Supply may be further disrupted this weekend into early next week by the storm system traveling north towards the Gulf. While the storm, Tropical Storm Cristobal, has not yet impacted off-shore production, producers in the region are downsizing essential personnel on their rigs as they prepare for the worst. Cristobal is expected to bring tremendous rainfall to the Gulf Coast, with an expected landfall of Saturday or Sunday. Another healthy storage report is expected to be released today, with estimates surrounding 113 Bcf. For reference, the five year average for this week is 103 Bcf.

Bullish Factors

- Curtailed production
- Warmer normal temperatures
- Rising growth in exports

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Increasing renewables



Next Day On-Peak Power (traded for 6/4/2020)

ISO-NE Mass Hub \$23.77	MISO Indiana Hub \$34.21	NYISO Zone G \$23.00
PJM West Hub \$27.27	ERCOT North \$31.00	CAISO SP15 \$35.47
NYMEX NG	Close	Change
Jul-20	1.821	0.044
Aug-20	1.915	0.039
12 Month	2.438	0.020
Cal 21	2.655	-0.001
Cal 22	2.479	-0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,612	2,503	1,834	2,189
Diff v. Current		109	778	423
% Diff			42.4%	19.3%

