

Early Morning Update

The Jul20 natural gas contract is trading down \$0.01 at \$1.66. The Jul20 crude oil contract is up \$1.23 at \$38.35.

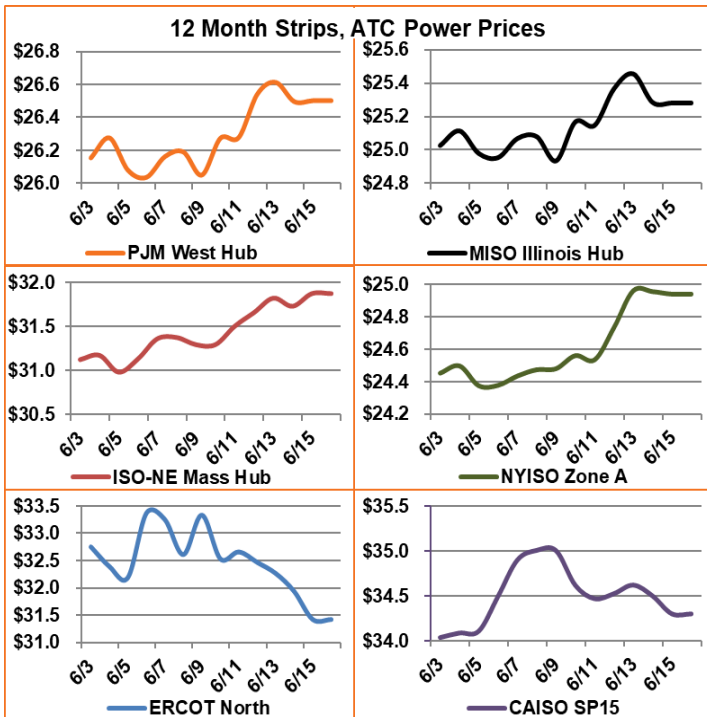
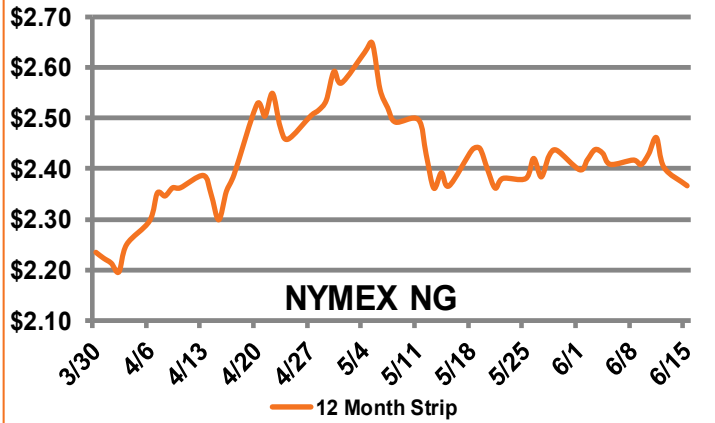
Summary: The July 2020 NYMEX prompt month slid 6.2 cents yesterday to close at \$1.669/MMBtu. August through October saw similar drops and remain below \$2 for now. The 12-month strip lost 3.6 cents, down to \$2.366, and the 2021 calendar strip lost a little over two cents, with the loss weighted on the front end through July 2021. These price drops reflect an over-supplied natural gas market, as overall demand continues to look for stability amid coronavirus uncertainty. While production has been steady at just over 86 Bcf/d for the last few weeks, domestic industrial demand remains weak, and LNG exports, which are only now starting to pick back up, have dropped to below 4.0 Bcf/d, as numerous export cargoes were cancelled due to worldwide demand destruction. But there is some strength propping up the demand sector, as well - power burn continues to be strong, as natural gas-fired generators avail themselves of the low gas prices to generate electricity, and U.S. gas pipeline exports to Mexico hit a record day last week due to a combination of warmer weather and signs of economic reopening in Mexico.

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 6/16/2020)

ISO-NE Mass Hub \$19.00	MISO Indiana Hub \$23.53	NYISO Zone G \$17.47	
PJM West Hub \$18.73	ERCOT North \$20.20	CAISO SP15 \$17.50	
NYMEX NG		Close	Change
Jul-20		1.669	-0.062
Aug-20		1.760	-0.055
12 Month		2.366	-0.036
Cal 21		2.635	-0.021
Cal 22		2.458	-0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,807	2,714	2,059	2,386
Diff v. Current		93	748	421
% Diff			36.3%	17.6%

