

Early Morning Update

The Sep20 natural gas contract is trading up \$0.17 at \$1.97. The Sep20 crude oil contract is up \$0.23 at \$40.50.

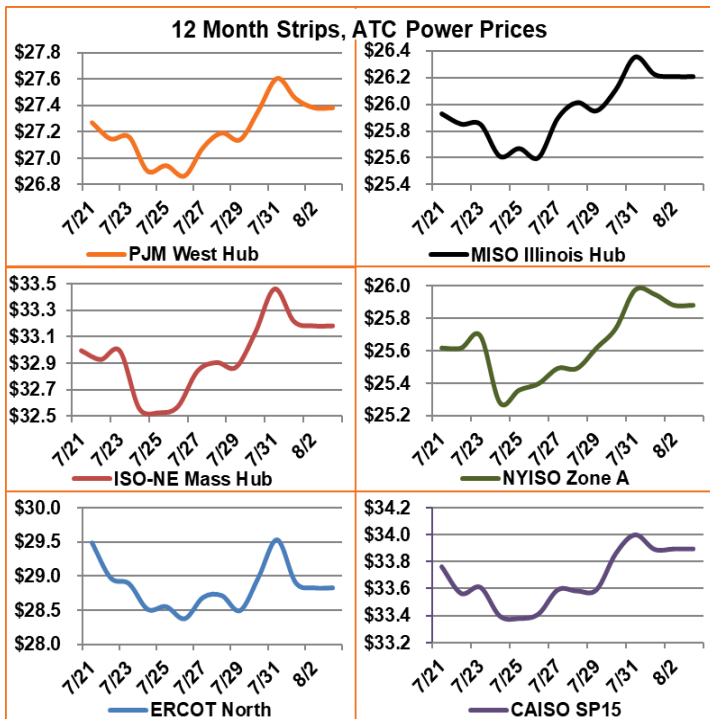
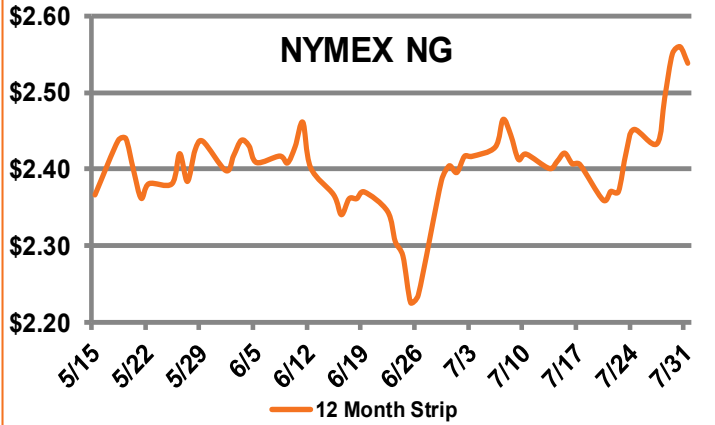
Summary: On Friday, the September 2020 NYMEX natural gas futures price fell three cents on the day to settle at \$1.799/MMBtu. This follows Thursday's slightly bullish storage report, which came in at 26 Bcf, smaller than both last year and the 5-year average historical benchmarks and was the weakest injection report so far this season. Weather forecasts had cooled last week, and, this morning, are showing colder-than-normal temps for the middle of the country to normal temps along the East Coast for the next few days. The warmer temps then seem to find a home again in the Northeast and also creep down into Texas, both major demand centers for natural gas in the U.S. Tropical Storm Isaias is making its way northward this morning, just off the coast of Georgia. The storm is expected to strengthen to a low-end hurricane before making landfall near the North Carolina/South Carolina border tonight, with the expectation that it will rapidly accelerate to the Northeast, and then weakening to a tropical storm. The Northeast is forecasted to see rain starting tomorrow. U.S. dry production is hovering just over 87.0 Bcf/d, slightly higher versus last month, despite rig counts remaining very low.

Bullish Factors

- Curtailed production
- Very high power burns
- Above-normal temperatures

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Huge decline in LNG exports



Next Day On-Peak Power (traded for 8/3/2020)

ISO-NE Mass Hub \$26.88	MISO Indiana Hub \$25.03	NYISO Zone G \$26.25
PJM West Hub \$25.67	ERCOT North \$26.85	CAISO SP15 \$38.07
NYMEX NG	Close	Change
Sep-20	1.799	-0.030
Oct-20	1.957	-0.034
12 Month	2.539	-0.022
Cal 21	2.688	-0.010
Cal 22	2.531	0.000

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,241	3,215	2,615	2,812
Diff v. Current		26	626	429
% Diff			23.9%	15.3%

