

**Early Morning Update**

The Sep20 natural gas contract is trading up another \$0.05 at \$2.15. The Sep20 crude oil contract is down \$0.71 at \$40.30.

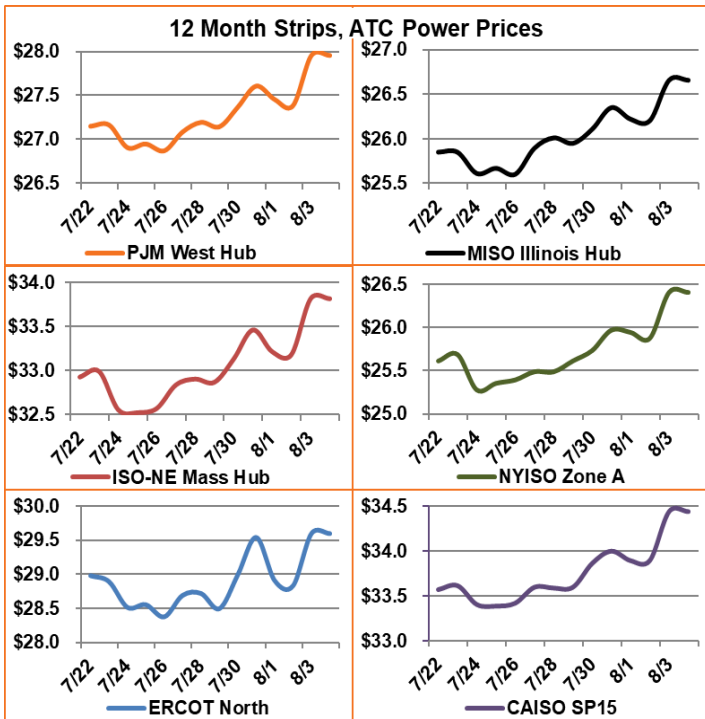
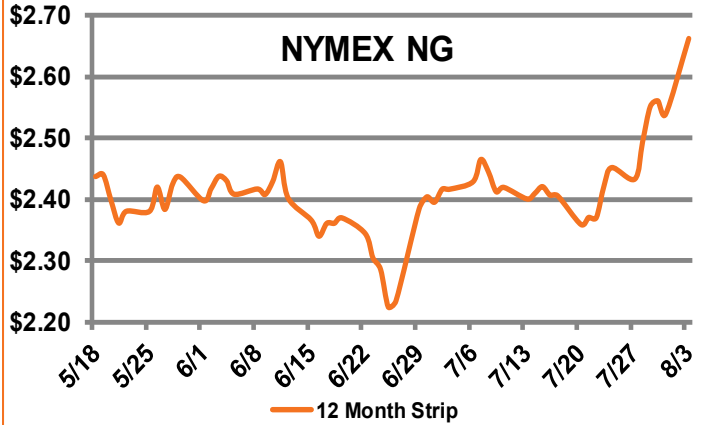
**Summary:** Natural gas's Sep '20 contract price increased in a large rally yesterday, gaining 30 cents and settling at \$2.101/MMBtu. Surprisingly, the prompt month had only a four cent increase week-over-week up until Monday morning, so this increase was rather unexpected by the market. Getting over the \$2 threshold was a big step, as the price has not been above this level since February 19th and could act as a new floor for the current price. Natural gas fundamentals had gave no clue that there would be this jump. In fact, both supply and demand fell yesterday by 0.3 Bcf/d and 1.1 Bcf/d, respectively. In analyzing the fundamentals and economics, demand falling further than supply would suggest a decrease in price. The change in demand came from the power burn sector, which fell 1.6 Bcf/d, likely due to the temperatures across the U.S. falling back to normal levels. The East Coast is currently being hit by Tropical Storm Isaias. The storm will be bringing heavy rain and wind to the eastern Carolinas and mid-Atlantic coast throughout the next couple of days, with the effects of isolated storms reaching all the way to New York City by Wednesday morning as it makes its way north.

**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 8/4/2020)**

ISO-NE Mass Hub \$27.32	MISO Indiana Hub \$24.25	NYISO Zone G \$24.32
PJM West Hub \$22.64	ERCOT North \$25.00	CAISO SP15 \$29.76
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-20	2.101	0.302
Oct-20	2.239	0.282
12 Month	2.662	0.123
Cal 21	2.749	0.060
Cal 22	2.555	0.024

**EIA Natural Gas Storage**

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

