

Early Morning Update

The Sep20 natural gas contract is trading up \$0.04 at \$2.23. The Sep20 crude oil contract is up \$0.11 at \$42.30.

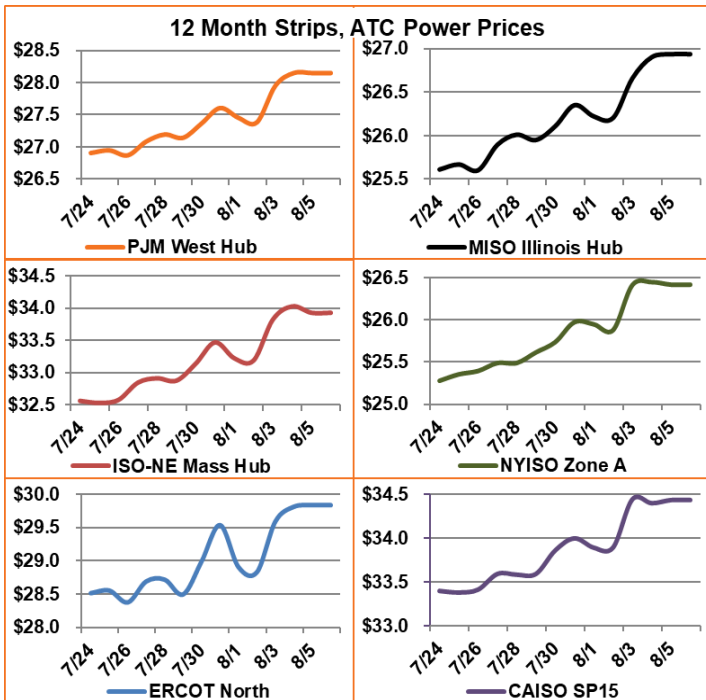
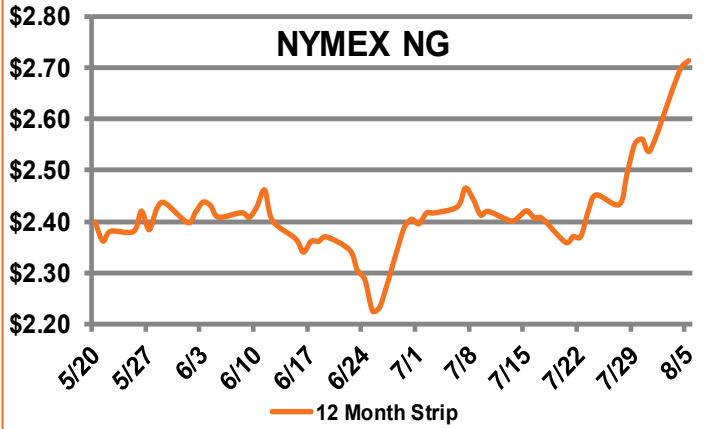
Summary: The recent rally in natural gas may be fizzling out, at least when we look at yesterday's trading session, as the Sep '20 contract saw negligible change from the previous day. The prompt month settled at \$2.191, and the remainder of 2020 experienced just a penny increase, on average. Similarly, calendar strips '21-'23 remained basically flat day-over-day. Weather forecasts continue to show most of the country at normal temperatures to round out this week, with the exception of the western half of Texas experiencing above-normal temperatures. Looking ahead to next week, broad heat from the Plains to the Northeast is expected to return and stick around until late August. We've recently seen a dip in natural gas power burn demand, thanks to the reprieve from hot temperatures in the predominantly natural gas-heavy regions of the Northeast and Midcon. While the market has been surprised by the sharp rally in the near-term, it's important to remember that under normal, non-COVID-19 conditions, the rally could have had a much larger impact on prices. This morning, the EIA will release their weekly storage report, where market participants are expecting a 30 Bcf injection to be reported, which trails the 5-year average by just three Bcf.

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 8/6/2020)

ISO-NE Mass Hub \$26.24	MISO Indiana Hub \$25.38	NYISO Zone G \$24.64
PJM West Hub \$24.51	ERCOT North \$25.00	CAISO SP15 \$23.96
NYMEX NG	Close	Change
Sep-20	2.191	-0.002
Oct-20	2.331	-0.003
12 Month	2.714	0.014
Cal 21	2.780	0.014
Cal 22	2.550	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%

