

**Early Morning Update**

The Sep20 natural gas contract is trading up \$0.03 at \$2.18. The Sep20 crude oil contract is up \$0.76 at \$42.70.

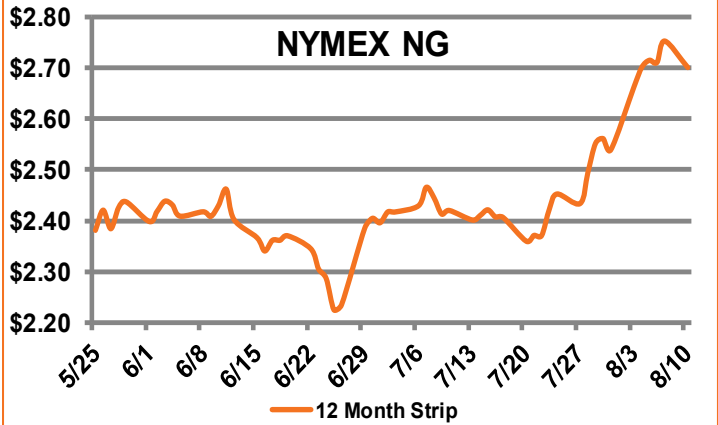
**Summary:** Near-term NYMEX natural gas pricing saw a bit of relief yesterday after the sharp gains last week, with the September '20 prompt month losing 8.5 cents to close at \$2.153/MMBtu. The 12-month strip lost a nickel, closing at \$2.70, Cal '21 lost just three cents, closing at \$2.78, and, while the Nov'20-Mar'21 winter strip closed at \$3.00 for the first time on Friday, it fell seven cents yesterday, closing at \$2.93. Although we've seen a brief return to above-normal temperatures in parts of the country over the past few days, a return to normal or even below-normal temperatures is expected in many of the major demand centers. Power burn has fallen due to a combination of the milder weather over the past week and higher natural gas prices. Indeed, even on the days in August where temperatures were on par with those in July, power burn has been lower – a testament to the higher cost of using natural gas as a fuel source for power generation. We also saw production fall yesterday, to 87 Bcf/d, but still within the 87-88 Bcf/d range that has been the new normal for the last several weeks. With rig counts declining weekly, is this the beginning of the anticipated production decline? Time will tell.

**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 8/11/2020)**

ISO-NE Mass Hub \$41.77	MISO Indiana Hub \$32.76	NYISO Zone G \$31.43
PJM West Hub \$34.72	ERCOT North \$25.00	CAISO SP15 \$28.00
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-20	2.153	-0.085
Oct-20	2.287	-0.089
12 Month	2.700	-0.052
Cal 21	2.780	-0.029
Cal 22	2.556	0.001

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	3,274	3,241	2,673	2,845
<b>Diff v. Current</b>		33	601	429
<b>% Diff</b>			22.5%	15.1%

