

Early Morning Update

The Sep20 natural gas contract is trading up \$.02 to \$2.20. The Sep20 crude oil contract is down \$0.22 at \$42.02.

Summary: Small changes in the NYMEX prompt month contract as it closed up \$.03 to finish the day at \$2.182. The EIA reported a build into storage of 58 Bcf, slightly above estimates.

The big news of the day is the increase in index prices in Texas and California. With significant heat in the south and west, index prices are seeing the first real volatility in quite some time. Temperatures in the big 4 Texas cities are around 100 degrees and will stay there through the weekend. Day ahead prices for today during the on-peak hours cleared over \$300, with 2 hours clearing over \$1000 (hour-ending 16 and 17). Peak demand alerts are in effect for today, tomorrow and Sunday, then temps should cool off slightly next week. California is also seeing heat and high index prices with on-peak pricing for today seeing prices over \$100.

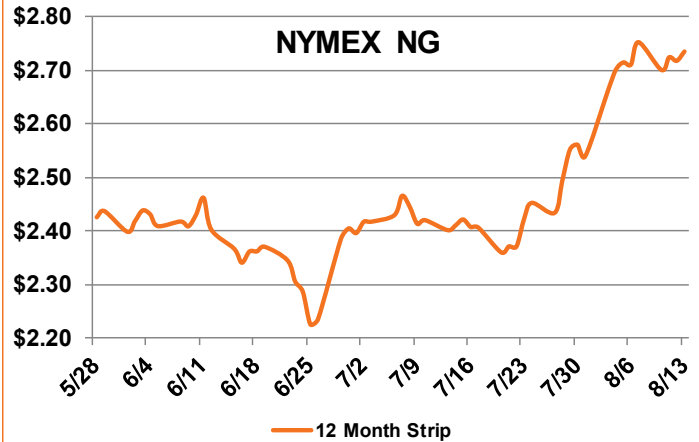
While temps and demand in the northeast were also very high this week, index prices still remained low as they have all year-to-date.

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 8/14/2020)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$29.75 | MISO Indiana Hub \$29.96 | NYISO Zone G \$27.85 |
| PJM West Hub \$27.78 | ERCOT North \$336.51 | CAISO SP15 \$147.29 |

| NYMEX NG | Close | Change |
|-----------------|--------------|---------------|
| Sep-20 | 2.182 | 0.030 |
| Oct-20 | 2.324 | 0.027 |
| 12 Month | 2.734 | 0.017 |
| Cal 21 | 2.808 | 0.011 |
| Cal 22 | 2.578 | 0.007 |

EIA Natural Gas Storage

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| Total | 3,332 | 3,274 | 2,724 | 2,889 |
| Diff v. Current | | 58 | 608 | 443 |
| % Diff | | | 22.3% | 15.3% |

