

Early Morning Update

The Sep20 natural gas contract is trading up \$0.09 at \$2.43. The Sep20 crude oil contract is down \$0.19 at \$42.70.

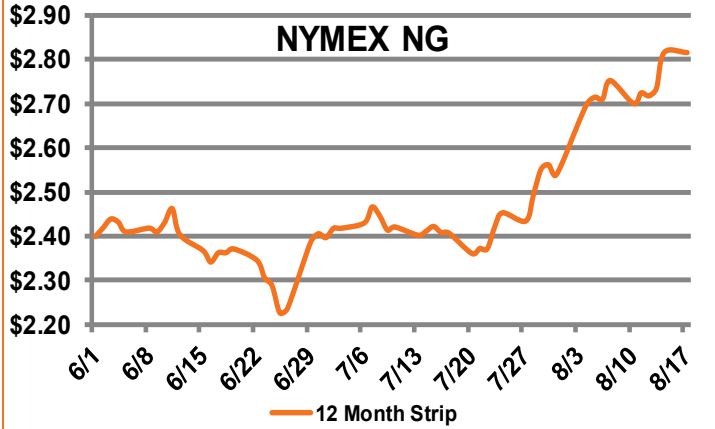
Summary: After rallying over the past few weeks, natural gas prices remain elevated and continue to show strength at higher levels. Prices for the September NYMEX contract settled at \$2.339/MMBtu yesterday, down just under two cents on the day, but the 2021 calendar strip continues to strengthen, rising to \$2.86/MMBtu. There are likely several factors for the recent price runups, primarily a simple market correction. Prices had remained low for the majority of the summer, but demand uncertainty for the upcoming winter and flat production on the heels of falling rig counts have pushed prices higher. Price increases may also reflect the volatility that will most likely accompany the upcoming elections. In other news, weather in the Midcontinent and eastern regions has fallen to normal levels, while California has been hit by a heat wave. Temperatures in the CAISO market have forced the ISO to ask for conservation of energy from everyone or face rolling blackouts. As many as 3.3 million homes and businesses were affected by the emergency order, and will continue to contend against the heat and potential for blackouts until Wednesday.

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 8/18/2020)

ISO-NE Mass Hub \$25.00	MISO Indiana Hub \$27.50	NYISO Zone G \$21.53
PJM West Hub \$27.42	ERCOT North \$42.11	CAISO SP15 \$595.09
NYMEX NG	Close	Change
Sep-20	2.339	-0.017
Oct-20	2.476	-0.019
12 Month	2.815	0.000
Cal 21	2.861	0.005
Cal 22	2.615	0.013

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%

