

Early Morning Update

The Sep20 natural gas contract is trading down \$0.02 at \$2.40. The Sep20 crude oil contract is down \$0.39 at \$42.50.

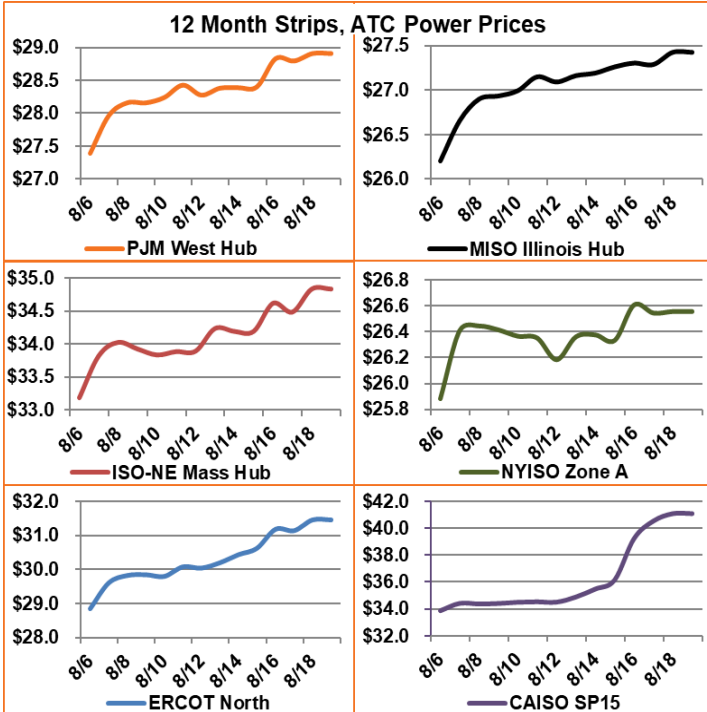
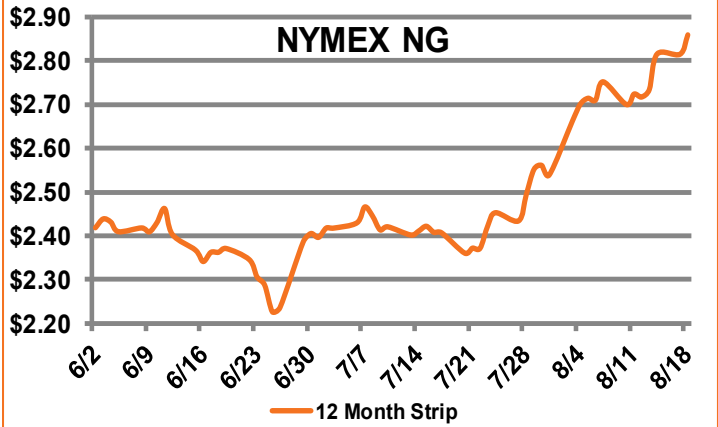
Summary: The upward movement continued during yesterday's trading session for NYMEX natural gas, with the September prompt month contract gaining 7.8 cents to close at \$2.417/MMBtu. The balance of 2020 strip followed closely behind, adding 6.8 cents, while the twelve-month strip moved up 4.4 cents. The calendar strip for 2021 moved up just under three cents to \$2.89, the highest it's been since April 2017, and 2022 closed at \$2.63, a gain of 1.5 cents. The longer term strips were flat and remain backwarddated from 2021 through 2023. On the fundamentals side, production has held fairly steady at 87.5 Bcf/d for the greater part of the past week, while demand has trended down steadily throughout the week, from 90.7 Bcf/d set last Thursday to today's projection at 83.9 Bcf/d. The majority of the drop in demand is in the power burn sector, as it has lost over 6.0 Bcf/d over the past seven days. Looking at the weather forecast for the remainder of September, it is not likely we will see strong weather-related demand, as most of the above-average temperatures are staying in the West, and the large demand centers of the Midcon and Northeast look to remain near average.

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 8/19/2020)

ISO-NE Mass Hub \$22.61	MISO Indiana Hub \$25.73	NYISO Zone G \$19.55
PJM West Hub \$24.29	ERCOT North \$31.90	CAISO SP15 \$511.43
NYMEX NG		
	Close	Change
Sep-20	2.417	0.078
Oct-20	2.556	0.080
12 Month	2.859	0.044
Cal 21	2.891	0.030
Cal 22	2.630	0.015

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%

