

**Early Morning Update**

The Sep20 natural gas contract is trading flat to yesterday's close at \$2.43. The Sep20 crude oil contract is down \$0.33 at \$42.60.

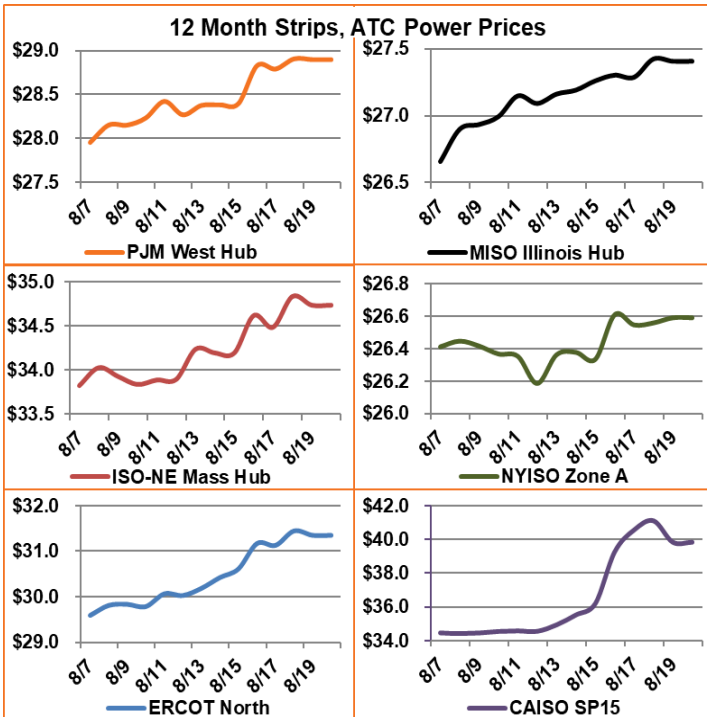
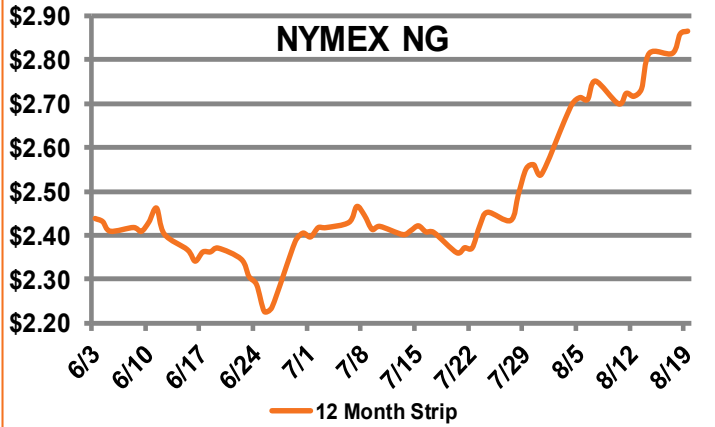
**Summary:** The September NYMEX natural gas contract gained less than a penny yesterday and closed out the day at \$2.426. The 12-month strip remained basically flat, on average, while the '21-'24 calendar strips all gained a penny or less. The Dec'20-Mar'21 months are all now above the \$3 dollar mark, as market uncertainty lingers around growing demand and plateaued supply for this upcoming winter. Looking at the weather, the heat wave in the West is forecast to continue over the next 20 days, with the most extreme temperatures dissipating by the end of the month. This extreme heat, coupled with constrained reserves, has caused CA power prices to climb over \$1,000 in the hourly day-ahead market. The CAIOS has issued multiple emergency alerts over the past several days. Some of these have been the most severe Stage 3, where power interruptions are likely. Switching gears to more positive news, the EIA will be releasing their weekly natural gas storage report today. Natural gas reserves have been steadily growing to a strong surplus to both last year and the 5-year average. Market participants are expecting an injection in the ballpark of 40 Bcf, just a hair under the 44 Bcf 5-year 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 8/20/2020)**

ISO-NE Mass Hub \$22.00	MISO Indiana Hub \$26.50	NYISO Zone G \$20.07	
PJM West Hub \$24.59	ERCOT North \$28.80	CAISO SP15 \$134.13	
NYMEX NG		Close	Change
Sep-20		2.426	0.009
Oct-20		2.563	0.007
12 Month		2.866	0.007
Cal 21		2.902	0.011
Cal 22		2.642	0.012

**EIA Natural Gas Storage**

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

