

**Early Morning Update**

The Sep20 natural gas contract is trading down \$.04 at \$2.31. The Sep20 crude oil contract is down \$0.40 at \$42.42.

**Summary:** The prompt NG contract traded lower yesterday, finishing down \$.074 to close the day at \$2.352. The EIA reported a build into storage of 43 Bcf, inline with expectations but behind the 5-year average of 56 Bcf.

Whether the sell-off yesterday is part of a broader trend or just a pause to the recent rally. The WSJ reported this morning that producers recognize that pricing has improved recently but still seem a little hesitant to restart production to pre-pandemic levels. The concern is that if production rises and we get another mild winter, then prices could be depressed in 2021 again. On the flip side, demand is recovering (higher LNG exports, very high power burns) and economic growth could resume this winter as a vaccine (hopefully!) becomes available, all during winter heating season. So if production remains low and demand continues to increase, then prices could continue to climb as there will likely be a supply/demand mismatch.

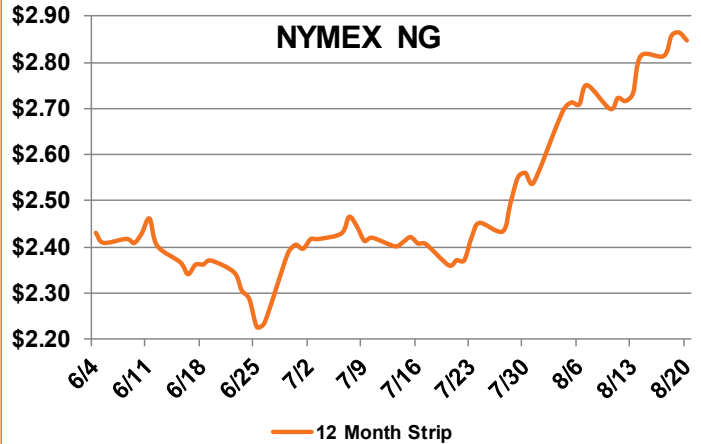
Index prices in Texas have fallen back this week as temps have moderated slightly, but California prices are still elevated.

**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 8/21/2020)**

<b>ISO-NE Mass Hub</b> \$25.70	<b>MISO Indiana Hub</b> \$28.13	<b>NYISO Zone G</b> \$23.00
<b>PJM West Hub</b> \$28.84	<b>ERCOT North</b> \$27.98	<b>CAISO SP15</b> \$50.10

<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-20	2.352	-0.074
Oct-20	2.503	-0.060
12 Month	2.849	-0.017
Cal 21	2.902	0.000
Cal 22	2.643	0.001

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	3,375	3,332	2,780	2,933
<b>Diff v. Current</b>		43	595	442
<b>% Diff</b>			21.4%	15.1%

