

Early Morning Update

The Sep20 natural gas contract is trading up \$0.05 at \$2.50. The Oct20 crude oil contract is up \$0.36 at \$42.70.

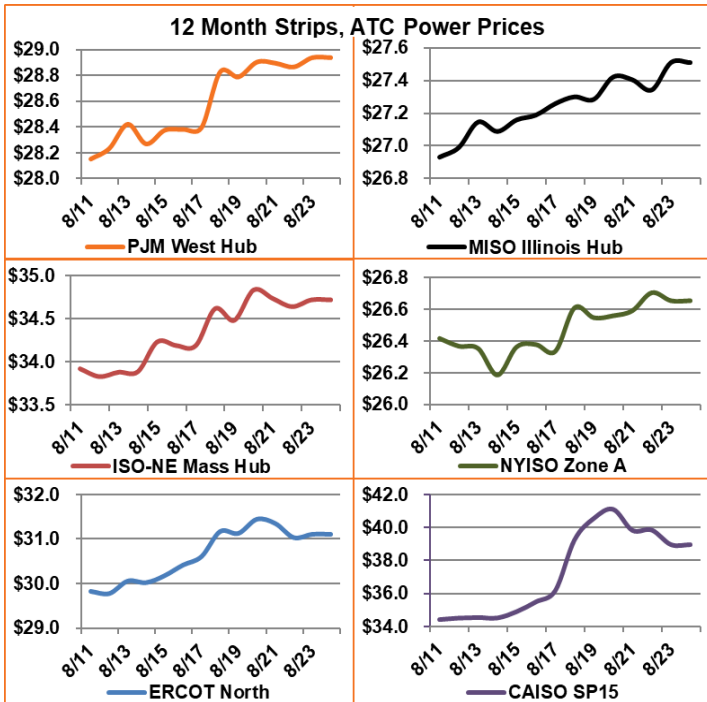
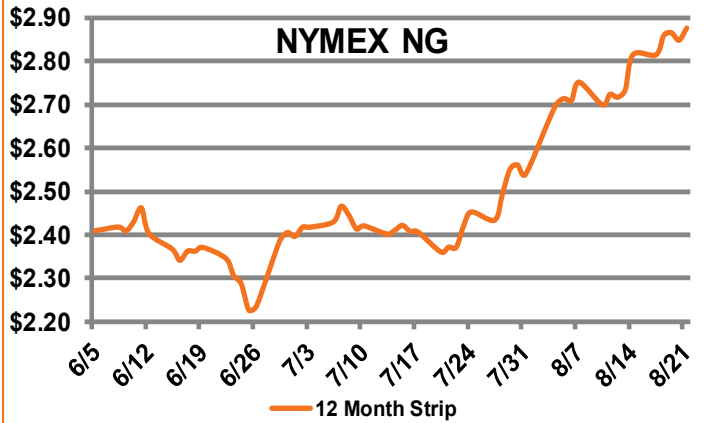
Summary: This morning, the country is focused on tropical systems Marco and Laura targeting the gulf coast within days of each other later this week. Marco is projected to make landfall somewhere along the Louisiana border on early Tuesday morning as a Category 1 hurricane. Right behind will come Laura, a likely Category 2 storm when it makes landfall on Wednesday evening on a more western track, targeting anywhere between Houston and New Orleans. These storms have already forced operators in the gulf to secure operations due to the projected high winds, and the market is expecting some production shut-ins as the storms approach. Even with these storms in the gulf, the NYMEX markets had little weekend action, but the markets were active last week, with prices moving higher in the front end of the curve. The prompt month settled above \$2.40 for the first time in nine months, and Cal '21 reached \$2.90 for the first time in 38 months! The Cal '21 march toward three dollars has been very strong over the past month, as the uncertainty of COVID-related demand, production output, and a contentious presidential election have all pushed prices higher, in spite of a strong storage outlook with end-of-summer stocks projected to be around 4.0 Tcf.

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 8/24/2020)

ISO-NE Mass Hub \$35.46	MISO Indiana Hub \$42.86	NYISO Zone G \$30.02
PJM West Hub \$34.50	ERCOT North \$34.64	CAISO SP15 \$87.24
NYMEX NG	Close	Change
Sep-20	2.448	0.096
Oct-20	2.573	0.070
12 Month	2.877	0.028
Cal 21	2.912	0.010
Cal 22	2.645	0.002

EIA Natural Gas Storage

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

