

Early Morning Update

The Sep20 natural gas contract is trading up \$0.05 at \$2.51. The Oct20 crude oil contract is down \$0.14 at \$43.25.

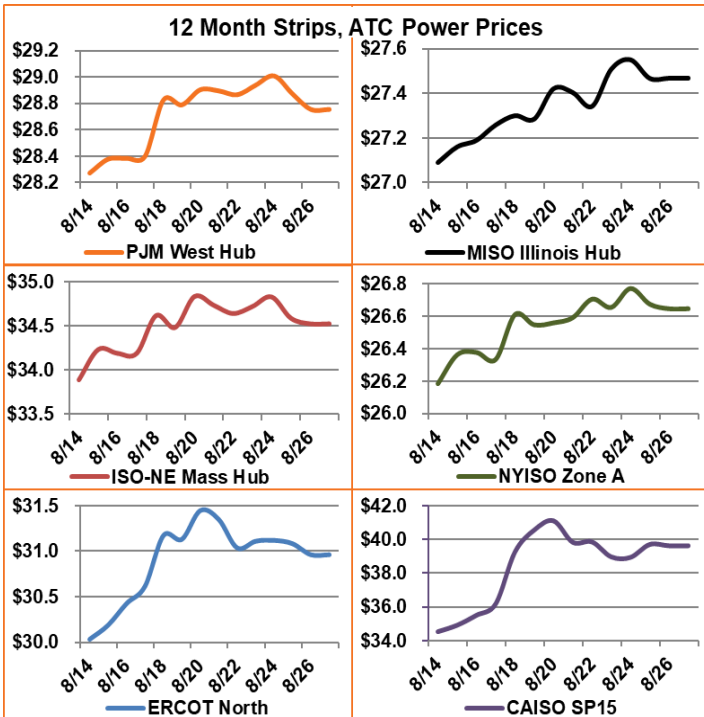
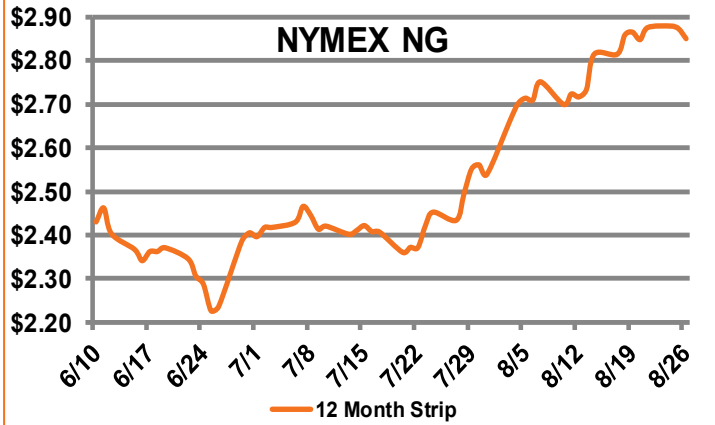
Summary: Short-term oil and natural gas prices both weakened yesterday amid hurricane-related disruptions in supply and demand. Calls for mass evacuations from counties within Hurricane Laura's landfall zone, encompassing the TX/LA border, were extended to include offshore rig operators. About 84% of offshore oil production, roughly 1.6 billion bbl/d, which is 15% of total domestic oil production, was shut in as of last night. WTI futures for the months of Oct '21-April '21 are each down about \$0.25 day-over-day. Natural gas production and prices were less impacted, as only 61% of offshore production, equating to roughly 1.7 Bcf/d, was taken offline. The natural gas 12-month strip only slid about \$0.02/MMBtu during yesterday's trading session. Hurricane Laura is expected to move beyond the Gulf producing region by this afternoon, just in time for this week's storage report. Estimates for the week ending August 21st are falling within the narrow range of 39-58 Bcf, well below the five-year average. This bullish fundamental may be slightly offset over the next week, as post-Laura productions should begin to normalize in a few days.

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 8/27/2020)

ISO-NE Mass Hub \$22.74	MISO Indiana Hub \$41.00	NYISO Zone G \$23.99
PJM West Hub \$38.41	ERCOT North \$45.00	CAISO SP15 \$74.11
NYMEX NG		
	Close	Change
Sep-20	2.461	-0.028
Oct-20	2.574	-0.022
12 Month	2.851	-0.023
Cal 21	2.888	-0.017
Cal 22	2.642	0.003

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%

