

Early Morning Update

The Aug20 natural gas contract is trading up \$0.02 at \$1.69. The Aug20 crude oil contract is up \$0.43 at \$40.25.

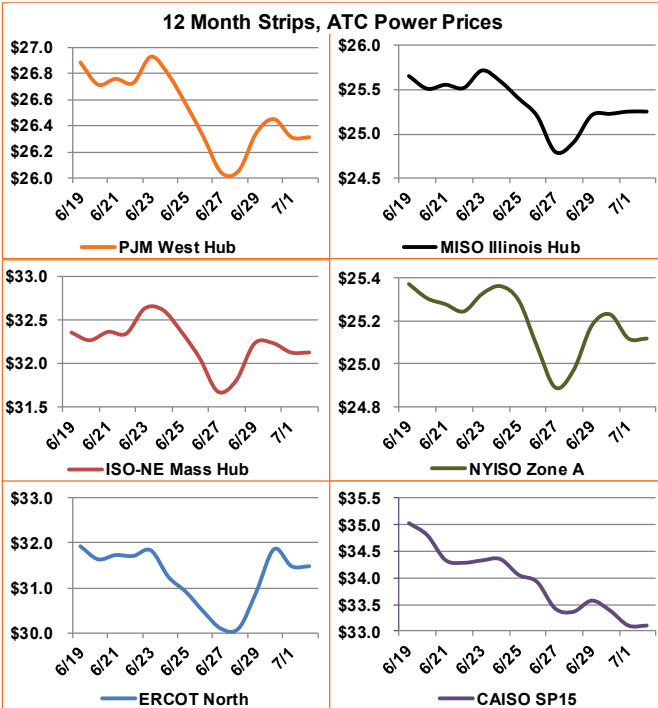
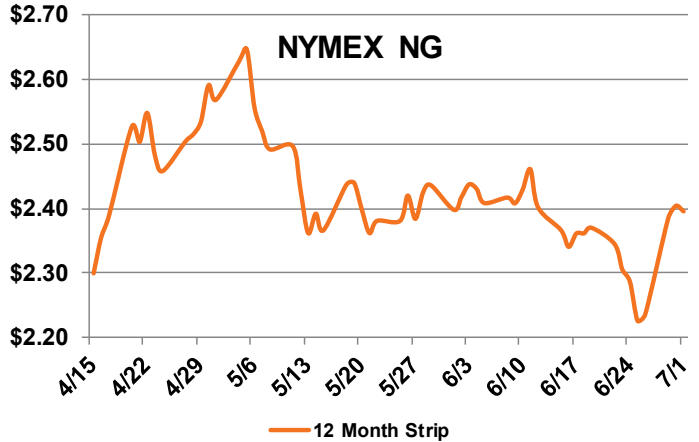
Summary: On the heels of slightly milder weather forecasts, the Aug'20 NYMEX natural gas prompt month dropped 8 cents yesterday. Near-term months September through November all encountered losses as well, losing just under a nickel on average. Forecasts are still showing above average temperatures, but those temperatures are slightly less elevated and not as widespread for the remainder of this week, primarily in the Midwest and Northeast. Forward calendar strips '21 and beyond did not see as much action, as they remained basically flat, only gaining about a penny each. With more and more folks working from home as a result of the pandemic, we've seen an increase in power burn demand due to the above average temperatures blanketing much of the Eastern U.S. This uptick in power burn demand has been enough to move the needle and create some price reaction at the front of the NYMEX curve. On the other hand, one of the fundamentals that has been helping to dampen price movement, is our very healthy natural gas storage inventory. Today the EIA will release their weekly storage report where market participants are expecting to see another injection higher than the 5 year average, somewhere around 80Bcf.

Bullish Factors

- Curtailed production
- Above-normal temperatures
- High power burns

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Increasing renewables



Next Day On-Peak Power (traded for 7/2/2020)

ISO-NE Mass Hub \$24.20	MISO Indiana Hub \$36.03	NYISO Zone G \$25.66
PJM West Hub \$29.58	ERCOT North \$31.19	CAISO SP15 \$18.38
NYMEX NG	Close	Change
Aug-20	1.671	-0.080
Sep-20	1.721	-0.068
12 Month	2.396	-0.009
Cal 21	2.625	0.013
Cal 22	2.442	0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,012	2,892	2,273	2,546
Diff v. Current		120	739	466
% Diff			32.5%	18.3%

