

Early Morning Update

The Aug20 natural gas contract is trading up \$0.05 at \$1.88. The Aug20 crude oil contract is down \$0.23 at \$40.40.

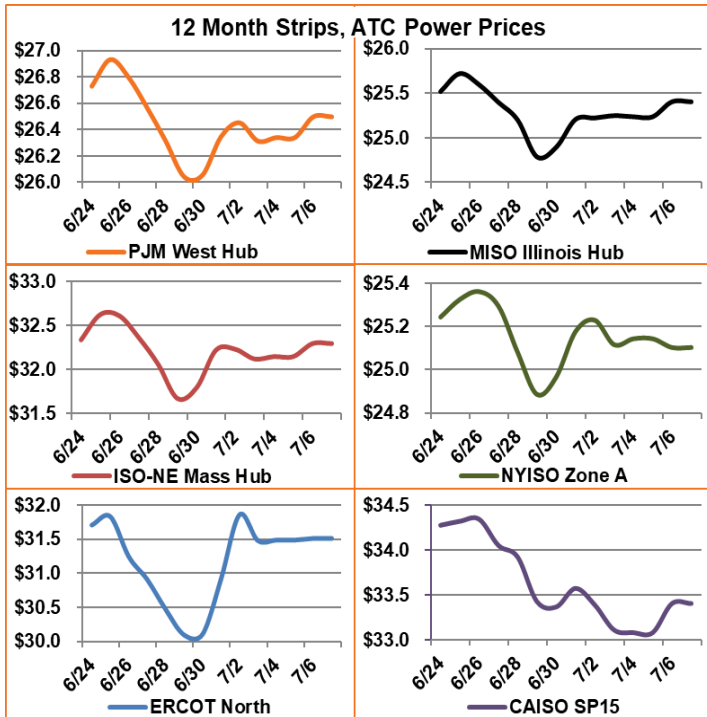
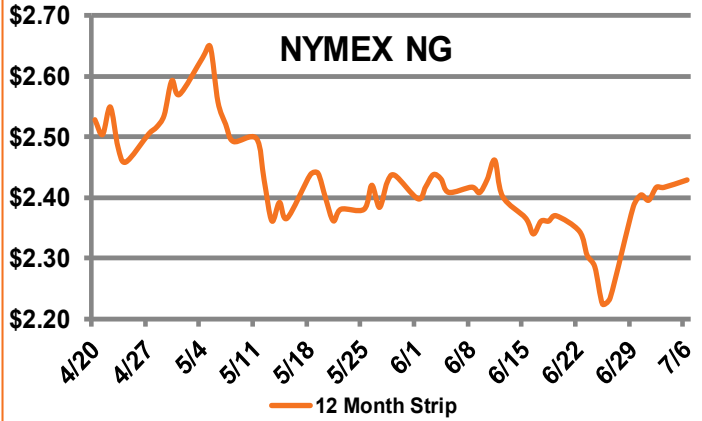
Summary: Weather is still the predominant story this morning, as we see the heat continue to lay across the United States through the end of this week. As a result, we are seeing high likelihoods for peak demands to be reached, so keep an eye out for peak demand alerts. This continuous, above-average heat has led to some increases in prices, including the NYMEX natural gas prompt month. The August '20 contract settled at \$1.830/MMBtu yesterday, up almost 10 cents and the highest settlement since late May. The day-over-day change makes it two days in a row where the market saw a large rally. In other news, Dominion Energy and Duke Energy canceled their 1.5 Bcf/d Atlantic Coast Pipeline due to "uncertainty and delays." The original budget of \$4.5 billion was only half of the true project cost, and with more delays and uncertainty, was simply no longer feasible. The failure of this pipeline didn't affect futures prices much, but did confirm that the Northeast would be more bullish in the Transco Zone 5 market with the continued lack of capacity that the new pipeline would have offered.

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 7/7/2020)

ISO-NE Mass Hub \$23.09	MISO Indiana Hub \$38.00	NYISO Zone G \$25.50
PJM West Hub \$33.06	ERCOT North \$24.19	CAISO SP15 \$26.73

NYMEX NG	Close	Change
Aug-20	1.830	0.096
Sep-20	1.893	0.108
12 Month	2.429	0.012
Cal 21	2.610	-0.018
Cal 22	2.440	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,077	3,012	2,365	2,611
Diff v. Current		65	712	466
% Diff			30.1%	17.8%

