

Early Morning Update

The Aug20 natural gas contract is trading flat to yesterday's close at \$1.75. The Aug20 crude oil contract is up \$0.51 at \$40.80.

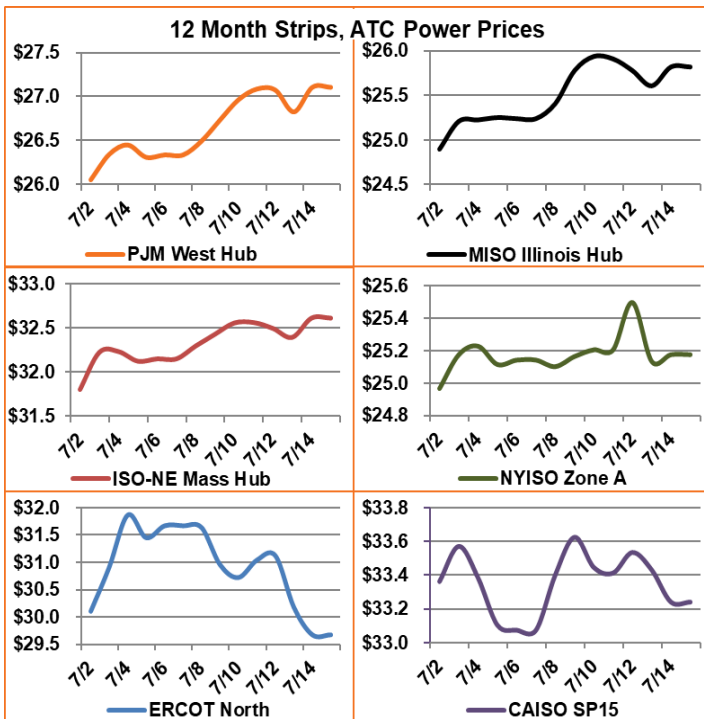
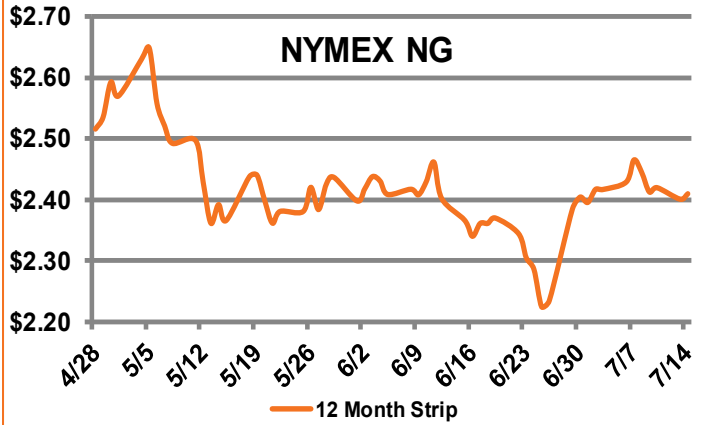
Summary: The NYMEX natural gas prompt month gained a modest \$0.007/MMBtu yesterday, opening the day at \$1.739/MMBtu and closing at \$1.746/MMBtu. Production of natural gas remains lower, averaging 87.2 Bcf/day for July 2020 vs. 90.6 Bcf/day the same time last year. Demand, overall, is averaging 1.2 Bcf/day higher for the same period, driven only by power burns, as above-average temperatures continue to lurk in the near-term weather forecasts. Specifically, Texas and Southeast power burns are on pace to reach new records for the month of July. Higher temperatures, as well as weak Henry Hub prices, can both be attributed to the record-setting pace. Looking ahead, tomorrow's weekly storage report from the U.S. Energy Information Administration is expected to report an injection that is less than the 5-year average.

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 7/15/2020)

ISO-NE Mass Hub \$21.50	MISO Indiana Hub \$31.25	NYISO Zone G \$24.50
PJM West Hub \$31.04	ERCOT North \$22.08	CAISO SP15 \$30.80
NYMEX NG	Close	Change
Aug-20	1.746	0.007
Sep-20	1.787	-0.010
12 Month	2.410	0.009
Cal 21	2.607	0.011
Cal 22	2.441	0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,133	3,077	2,448	2,679
Diff v. Current		56	685	454
% Diff			28.0%	16.9%

