

Early Morning Update

The Aug20 natural gas contract is trading up \$0.01 at \$1.79. The Aug20 crude oil contract is down \$0.50 at \$40.70.

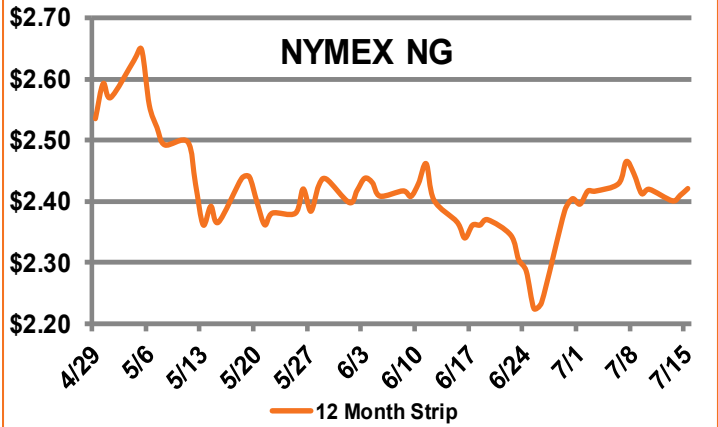
Summary: Yesterday's modest gains in the short-term natural gas market were, again, most-likely driven by weakened supply and the expected increase in cooling demand via the current warmer-than-normal temperature outlook. The August-October contracts climbed \$0.03/MMBtu day-over-day, responding to the current heat wave that is forecasted to linger through the beginning of August. The above-normal temperatures over the last few weeks have already pushed power burn levels higher year-over-year, and this spread will probably increase as we move throughout the summer. Today's storage expectations may also have caused some short-coverings yesterday, given today's report will likely fall below the five year average of 63 Bcf - within the range of 38-50 Bcf. Movement in the prices for natural gas contracts beyond December was very minimal during yesterday's activity, as individual months gained or lost only a fraction of a penny.

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 7/16/2020)

ISO-NE Mass Hub \$20.36	MISO Indiana Hub \$28.50	NYISO Zone G \$23.95
PJM West Hub \$31.99	ERCOT North \$25.33	CAISO SP15 \$29.00
NYMEX NG	Close	Change
Aug-20	1.778	0.032
Sep-20	1.818	0.031
12 Month	2.421	0.011
Cal 21	2.610	0.004
Cal 22	2.450	0.009

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%

