

Early Morning Update

The Aug20 natural gas contract is flat at \$1.72. The Aug20 crude oil contract is down \$0.24 at \$40.51.

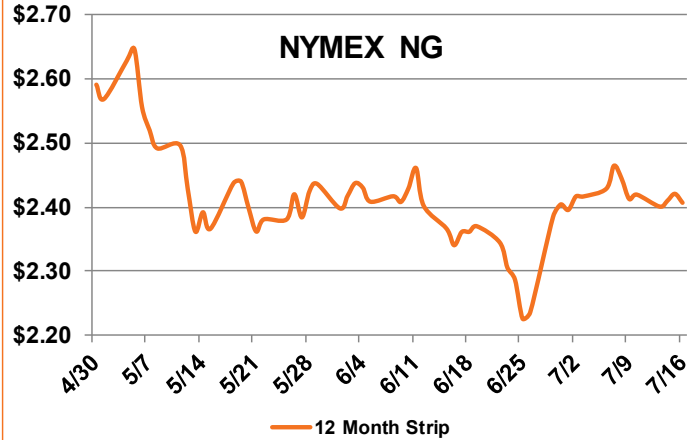
Summary: A slightly down day for the NYMEX yesterday as the EIA reported a storage injection of 45 Bcf, inline with expectations. With the exception of a brief dip in late June, the market has really been rangebound with little price movement since mid-May. Very little has changed with NG fundamentals as production continues to remain steady, LNG exports are still down sharply, industrial demand is down and power burns are up. High temps are causing record high demand for NG to satisfy air conditioning load, and forecasts don't show that ending anytime soon. Extended heat is expected through at least the end of the month with scorching temps blanketing much of the country. As of now, peak demands alerts are expected for early next week in multiple ISO's as demand soars. The general concern around high temps and demand is that index pricing will increase. And while index pricing is up slightly, it is certainly not high as the grids have so far performed well. We have a lot of summer to go, and Texas is still at risk, but we have so far averted huge price spikes.

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 7/17/2020)

ISO-NE Mass Hub \$21.71	MISO Indiana Hub \$29.72	NYISO Zone G \$24.47
PJM West Hub \$33.90	ERCOT North \$22.00	CAISO SP15 \$26.00
NYMEX NG	Close	Change
Aug-20	1.723	-0.055
Sep-20	1.776	-0.042
12 Month	2.407	-0.014
Cal 21	2.614	0.004
Cal 22	2.459	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,178	3,133	2,515	2,742
Diff v. Current		45	663	436
% Diff			26.4%	15.9%

