

Early Morning Update

The Aug20 natural gas contract is trading down \$0.04 at \$1.64. The Aug20 crude oil contract is down \$0.62 at \$41.30.

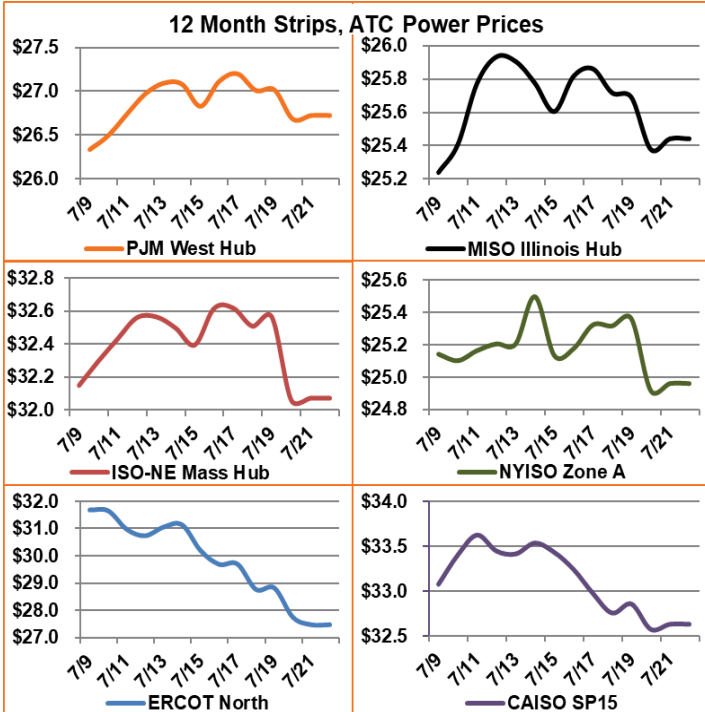
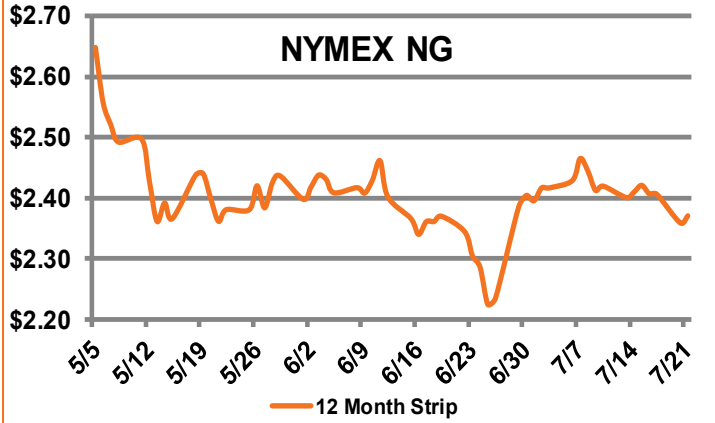
Summary: Yesterday's trading session saw broad upward movement throughout the NYMEX curve for natural gas. The prompt month gained 3.4 cents to close at \$1.675/MMBtu, and the balance of 2020 moved up a 2.3 cents. The calendar strip for 2021 showed nearly no movement, but beyond the next calendar strip on the board, each subsequent year throughout the curve gained more than the previous. Calendar 2022 gained just over half of a penny, Cals 2023 through 2028 gained between a penny and 1.5 cents, while 2029 through 2032 all moved up two cents. The market is backwardated from 2021 through 2023, with 2023 being the low point at \$2.424, but then flips to contango. With much of the continent experiencing milder temperatures, power burn continues to lead the fall in overall demand, down about one Bcf/d yesterday and expected to be down 1.5 Bcf/d today. Production is down from the 88 Bcf/d levels at the end of last week and through the weekend, but still holding steady right around the 87 Bcf/d range.

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 7/22/2020)

ISO-NE Mass Hub \$25.62	MISO Indiana Hub \$28.00	NYISO Zone G \$25.48
PJM West Hub \$30.58	ERCOT North \$26.29	CAISO SP15 \$24.73
NYMEX NG		
	Close	Change
Aug-20	1.675	0.034
Sep-20	1.714	0.030
12 Month	2.371	0.011
Cal 21	2.592	0.002
Cal 22	2.460	0.007

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%

