

Early Morning Update

The Aug20 natural gas contract is trading up \$0.05 at \$1.78. The Sep20 crude oil contract is down \$0.30 at \$41.30.

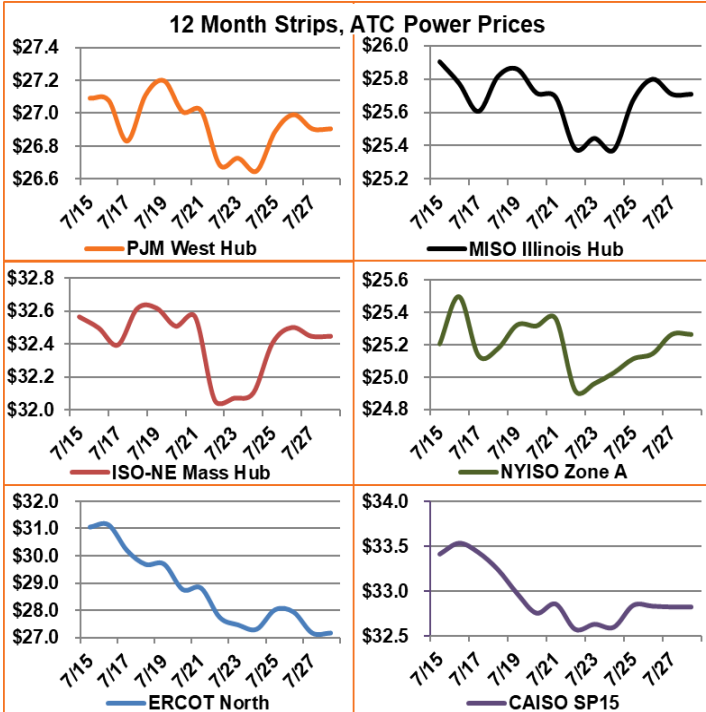
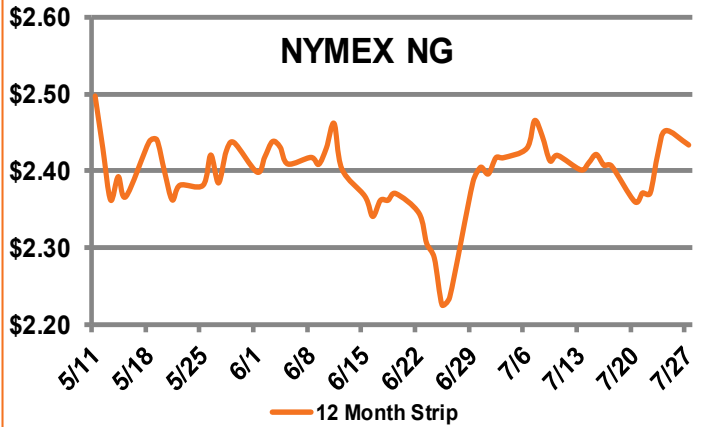
Summary: Yesterday in the NYMEX natural gas market, August through October lost seven cents on average, Cal '21 through Cal '24 netted a fairly flat day, and some strength returned in the outer strips, with Cal '25 and Cal '26 gaining five and six cents, respectively. Although rig counts continue to decline, and LNG exports have fallen to around 1/3 of the 9.0 Bcf/d highs we saw in March and April, production remains strong and seems to have found a new normal in the 87-89 Bcf/d range, at least for now. Industrial demand is continuing its climb toward recovery, averaging just over 20 Bcf/d in the past week. Inspired by the recent sustained heat, gas demand for power generation, also known as power burn, continues to put up record numbers, and July is set to break a new monthly record. Month-to-date power burn sits at 43.6 Bcf/d, up nearly 3.0 Bcf/d from the same time last year.

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 7/28/2020)

ISO-NE Mass Hub \$41.21	MISO Indiana Hub \$30.68	NYISO Zone G \$29.12
PJM West Hub \$31.37	ERCOT North \$24.44	CAISO SP15 \$33.48
NYMEX NG	Close	Change
Aug-20	1.734	-0.074
Sep-20	1.786	-0.081
12 Month	2.433	-0.019
Cal 21	2.644	0.007
Cal 22	2.502	0.020

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,215	3,178	2,559	2,779
Diff v. Current		37	656	436
% Diff			25.6%	15.7%

