

**Early Morning Update**

The Jul20 natural gas contract is trading down \$0.01 at \$1.78. The Jul20 crude oil contract is down \$0.49 at \$37.70.

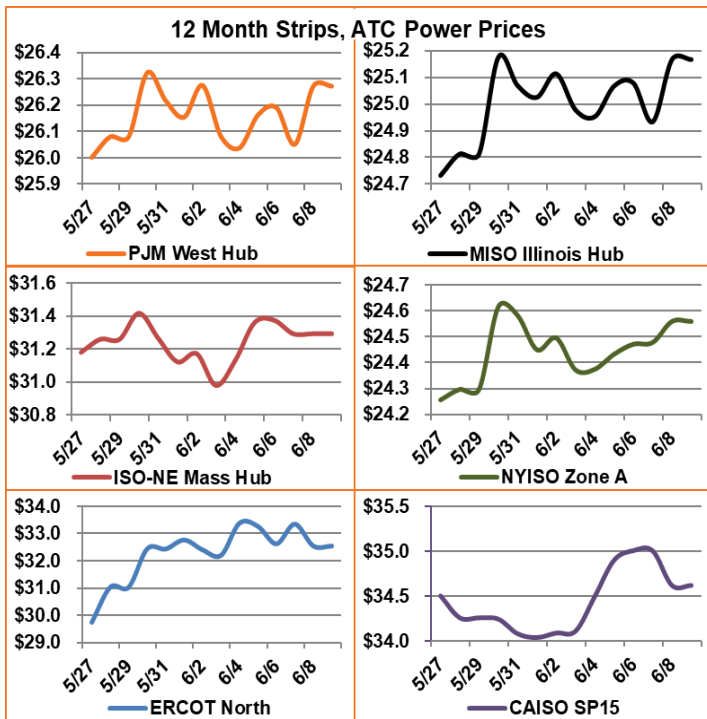
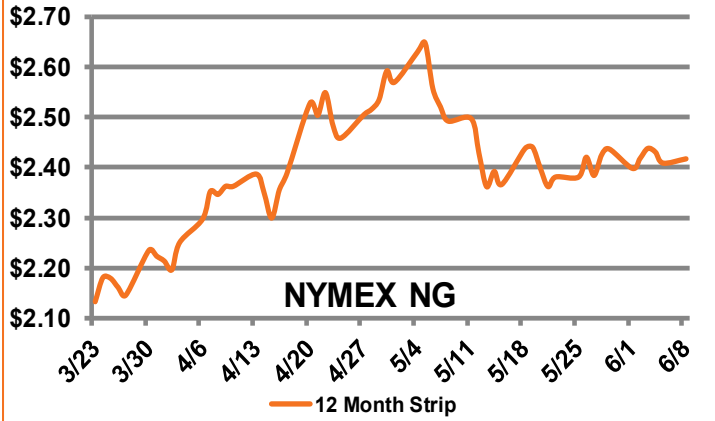
**Summary:** After a quiet trading day on Monday, the July natural gas contract increased by less than a penny and settled at \$1.789/MMBtu, largely because supply and demand fundamentals haven't drastically changed. We experienced 0.3 Bcf/d increase in supply and a 2.4 Bcf/d increase in demand. The market expects to see natural gas demand to increase as the country begins to return to normalcy, but the variability of when and by how much has left calendar strips backwardated. Supply has stayed relatively flat, hovering around 89 Bcf/d. This is in direct contrast with the rig count, which has remained in a continuous decline since February. Tropical Storm Cristobal, as predicted, has impacted southeast production from Louisiana to Arkansas. Cristobal, though now classified as a tropical depression, lowered production by 0.8-1.7 Bcf/d, a 34% reduction in the Gulf region. In other news, crude oil prices are beginning to really hurt producers such as British Petroleum, who has recently declared a workforce layoff of around 10,000 employees, approximately 15% of their labor pool.

**Bullish Factors**

- Curtailed production
- Warmer normal temperatures
- Rising growth in exports

**Bearish Factors**

- Coronavirus impacts on demand
- Healthy storage levels
- Increasing renewables



**Next Day On-Peak Power (traded for 6/9/2020)**

<b>ISO-NE Mass Hub</b> \$20.50	<b>MISO Indiana Hub</b> \$33.00	<b>NYISO Zone G</b> \$21.69
<b>PJM West Hub</b> \$28.01	<b>ERCOT North</b> \$29.00	<b>CAISO SP15</b> \$26.75
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jul-20	1.789	0.007
Aug-20	1.892	0.006
12 Month	2.417	0.008
Cal 21	2.630	0.004
Cal 22	2.457	-0.005

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	2,714	2,612	1,952	2,292
<b>Diff v. Current</b>		102	762	422
<b>% Diff</b>			39.0%	18.4%

