

Early Morning Update

The Jul20 natural gas contract is trading flat to Friday's close at \$1.73. The Jul20 crude oil contract is down \$1.21 at \$35.05.

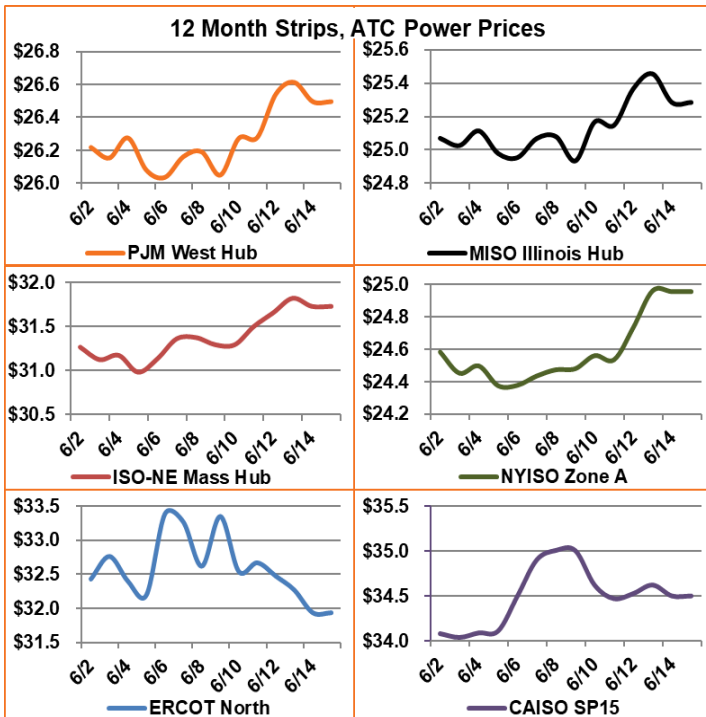
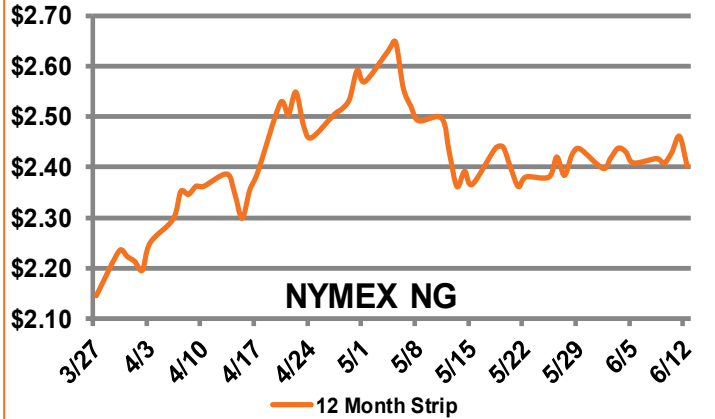
Summary: As the market prepares for the week, the COVID pandemic continues to be the headline. After seeing a resurgence in positive cases last week in some U.S. states (notably Texas) and in China this morning, equities markets are challenged again, as investors worry that economic reopening may be further delayed around the globe. As the commodity markets continue to monitor the economic rebound, market fundamentals remained stable last week, continuing the trend of low index prices and rangebound forwards. Even when the first heat wave hit the country last week, on-peak day-ahead index prices all remained under \$30/MWh in the eastern ISOs. Looking for a wildcard that may push this market out of the current range? Watch production levels – even with some stabilization last week around 87 Bcf/d, the short-term NYMEX forwards all are trading below \$2/MMBtu for the next four months. This low-priced and depressed environment may continue to drive drillers away and create an environment where higher prices are needed to bring production back.

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 6/15/2020)

ISO-NE Mass Hub \$20.28	MISO Indiana Hub \$21.66	NYISO Zone G \$17.75
PJM West Hub \$18.75	ERCOT North \$21.63	CAISO SP15 \$23.03
NYMEX NG	Close	Change
Jul-20	1.731	-0.082
Aug-20	1.815	-0.085
12 Month	2.402	-0.059
Cal 21	2.656	-0.028
Cal 22	2.468	-0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,807	2,714	2,059	2,386
Diff v. Current		93	748	421
% Diff			36.3%	17.6%

