

Early Morning Update

The Jul20 natural gas contract is trading up \$0.02 at \$1.69. The Jul20 crude oil contract is down \$0.40 at \$39.35.

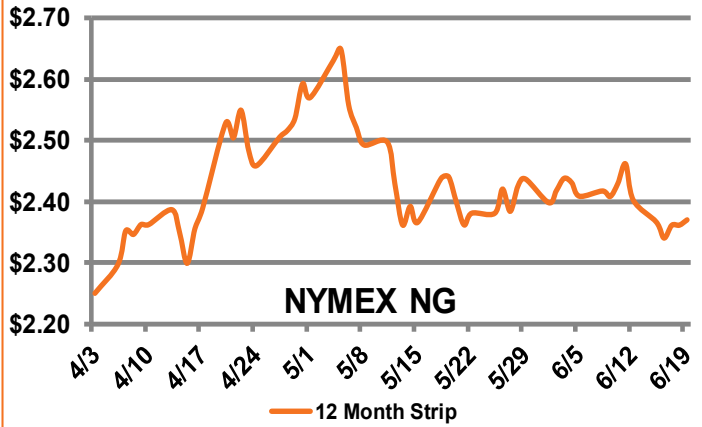
Summary: Each time the market believes global economic reopening is imminent, the weekend headlines are dominated by single-day COVID case records, expansion of cases in many states, and questions whether the first wave ever ended. Nevertheless, last week's news and uncertainty on both the storage and production fronts continued to weigh heavily, helping to depress NYMEX prices. Long-term NYMEX strips tested the \$2.40/MMBtu barrier late in the week, with Cals '23 and '24 settling below on Friday, and Cal '25 knocking on the doorstep at \$2.401. What could lead to a price breakout for the longer terms? One factor that bears watching is how residential consumers will react to hot summer temperatures in the face of the pandemic. Forecasted temperatures over the next 20 days look to be above normal across the country, which historically has lead to strong power generation demand, creating a bullish short-term fundamental. What has that meant for short-term power prices? So far, it hasn't done much, as today's day-ahead on-peak prices are in the mid-\$20/MWh across the PJM footprint. This pattern of low day-ahead index prices looks to be entrenched until the market sees demand pick up from either economic development or extreme temperatures.

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 6/22/2020)

ISO-NE Mass Hub \$27.25	MISO Indiana Hub \$25.90	NYISO Zone G \$27.45
PJM West Hub \$27.90	ERCOT North \$19.91	CAISO SP15 \$27.15
NYMEX NG	Close	Change
Jul-20	1.669	0.031
Aug-20	1.748	0.020
12 Month	2.370	0.009
Cal 21	2.648	0.002
Cal 22	2.446	-0.012

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,892	2,807	2,170	2,473
Diff v. Current		85	722	419
% Diff			33.3%	16.9%

