

Early Morning Update

The Jul20 natural gas contract is trading down \$0.04 at \$1.44. The Aug20 crude oil contract is down \$0.41 at \$38.31.

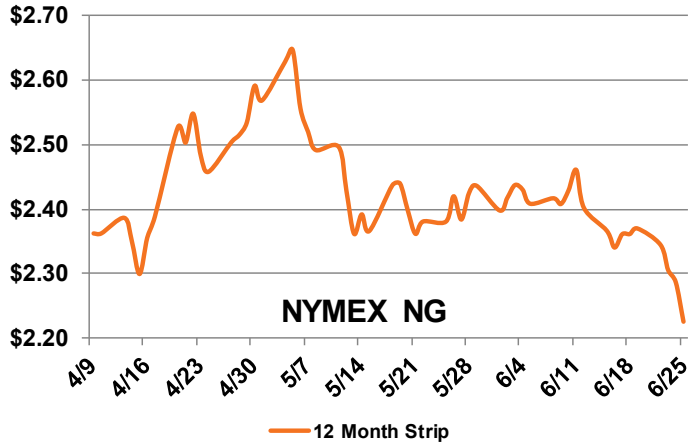
Summary: The July prompt month NYMEX contract continues to lose strength, closing yesterday at \$1.48. August and September contracts are equally depressed which has brought the 12-month strip down to \$2.23, losing fourteen cents from last week. The Energy Information Administration reported a massive storage injection this week of 120 Bcf, far higher than the 108 Bcf market estimates and the 103 Bcf we saw the same week last year. This is also the fifth triple-digit storage build we've seen this injection season. This is largely due to low demand across the lower 48 States and a continually struggling LNG sector. Although producer activity continues to decline, production remains steady due to the large backlog of DUC wells. With gas storage levels now at 3.012 Tcf, 2.546 Tcf being the 5-year average, we can expect storage levels to reach all-time highs at the end of injection season. Weather wise, we can expect warmer than normal temperatures across the Midwest and Northeast to finish off the month of June. The warmer temperatures are looking to stay in the Northeast for the early half of July. The rest of the country should expect normal temperatures. We'll likely see cooling demand tick up in the Northeast.

Bullish Factors

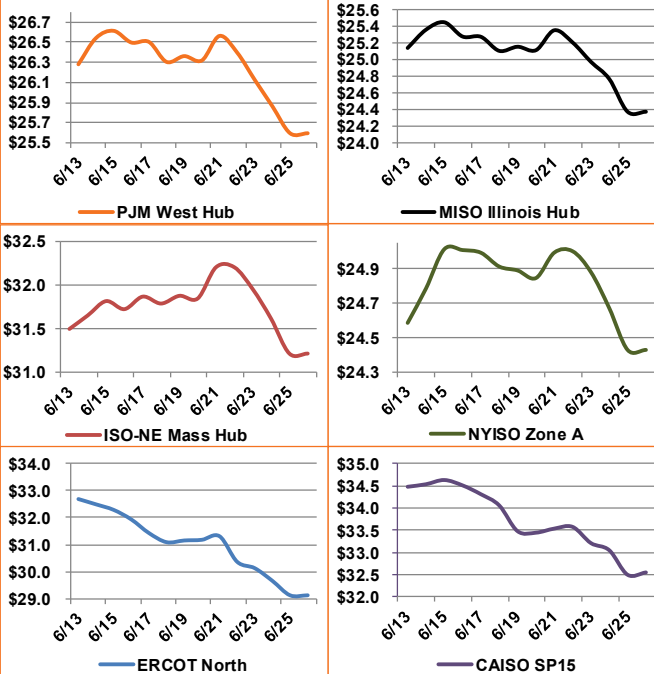
- Curtailed production
- Above-normal temperatures
- High power burns

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 6/26/2020)

ISO-NE Mass Hub \$22.41	MISO Indiana Hub \$27.05	NYISO Zone G \$21.75
PJM West Hub \$23.75	ERCOT North \$17.26	CAISO SP15 \$20.88
NYMEX NG	Close	Change
Jul-20	1.482	-0.115
Aug-20	1.546	-0.115
12 Month	2.225	-0.061
Cal 21	2.567	-0.020
Cal 22	2.413	-0.012

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,012	2,892	2,273	2,546
Diff v. Current		120	739	466
% Diff			32.5%	18.3%

