

Early Morning Update

The Aug20 natural gas contract is trading up \$0.15 at \$1.69. The Aug20 crude oil contract is up \$0.21 at \$38.70.

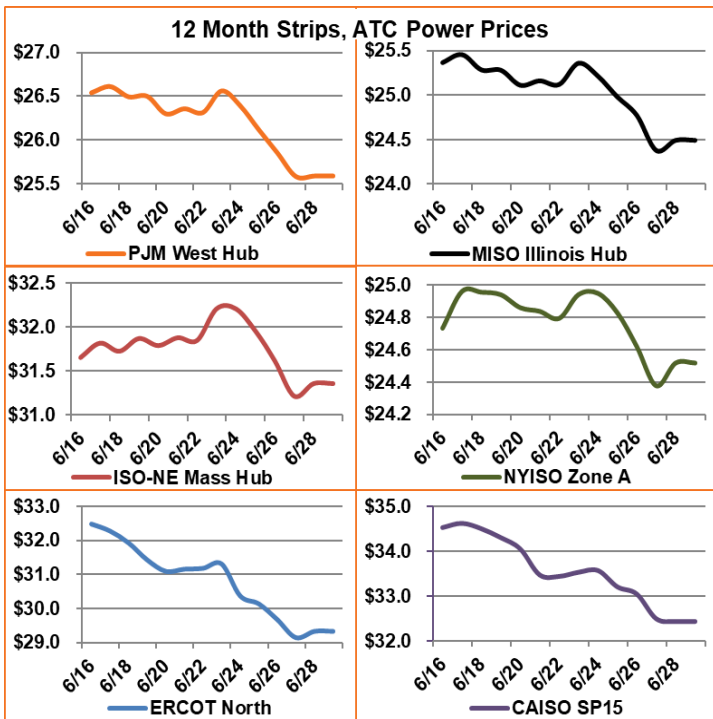
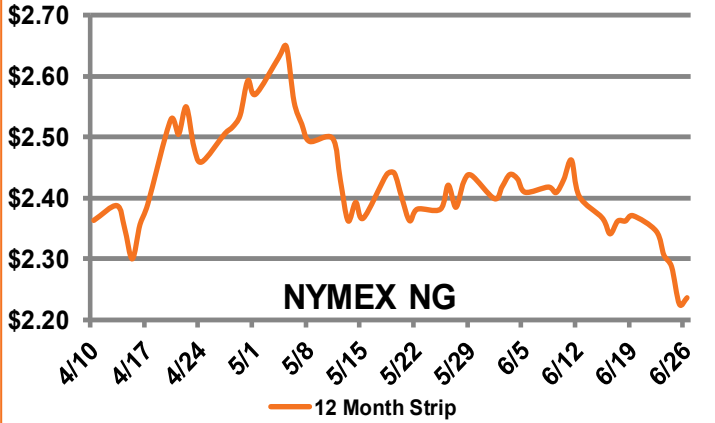
Summary: On Friday, the July 2020 NYMEX natural gas futures contract expired at \$1.495/MMBtu, up 1.3 cents on the day and the lowest monthly settlement price in 25 years. Things continue to remain bearish, as news of a possible second wave of COVID-19 could continue to depress demand for natural gas. Strong heat is forecasted for the Great Lakes and the Northeast through the middle of July, which would normally be quite bullish for this time of the year, but is being overshadowed by the lower demand. Looking to the west, some cooler-than-normal temperatures are forecasted to creep in through the first few days of July. Storage inventories are now up to 3.012 Tcf, and the injection season has been the second highest storage building period so far in the last five years, similar to last year, which was also a very aggressive injection period. U.S. dry production is averaging just over 86.5 Bcf/d so far this month, with Bentek projecting 87 Bcf/d for today.

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 6/29/2020)

ISO-NE Mass Hub \$23.83	MISO Indiana Hub \$29.42	NYISO Zone G \$24.78
PJM West Hub \$25.79	ERCOT North \$18.70	CAISO SP15 \$20.02
NYMEX NG	Close	Change
Jul-20	1.495	0.013
Aug-20	1.544	-0.002
12 Month	2.235	0.010
Cal 21	2.580	0.013
Cal 22	2.420	0.007

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%

