

Early Morning Update

The Oct20 natural gas contract is trading down \$0.03 at \$2.01. The Oct20 crude oil contract is down \$0.27 at \$40.70.

Summary: A big sell-off at the front of the curve as the prompt month traded down \$0.225 to close the day at \$2.042. The settlement was the lowest since July 31, when the summer rally began in earnest. The sell-off yesterday started early but really accelerated after the EIA reported a build into storage of 89 Bcf, well above expectations. Power markets also dropped yesterday as you can see in the charts below, trending with NG. The move yesterday was really limited to the near 6 months as the longer-terms saw almost no movement. In fact, while the Oct contract fell 22c, the Jan contract fell only 2c, widening the spread between the 2 months.

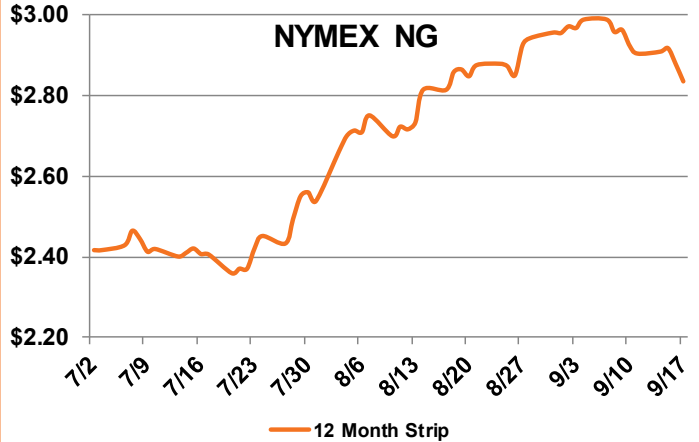
Looking ahead, tropical storm activity remains high. Hurricane Teddy continues to gain strength and is now a Category 4 storm. While the track is still unknown, there is a small chance it could make landfall in the northeast US.

Bullish Factors

- Curtailed production
- High power burns
- LNG exports back in force

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Normal temperatures declining



Next Day On-Peak Power (traded for 9/18/2020)

ISO-NE Mass Hub \$18.13	MISO Indiana Hub \$20.68	NYISO Zone G \$17.14
PJM West Hub \$16.32	ERCOT North \$19.83	CAISO SP15 \$30.00

NYMEX NG	Close	Change
Oct-20	2.042	-0.225
Nov-20	2.577	-0.087
12 Month	2.836	-0.044
Cal 21	2.927	-0.021
Cal 22	2.643	-0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,614	3,525	3,079	3,193
Diff v. Current		89	535	421
% Diff			17.4%	13.2%

