

Early Morning Update

The Oct20 natural gas contract is trading down \$0.08 at \$2.45. The Oct20 crude oil contract is up \$0.24 at \$43.00.

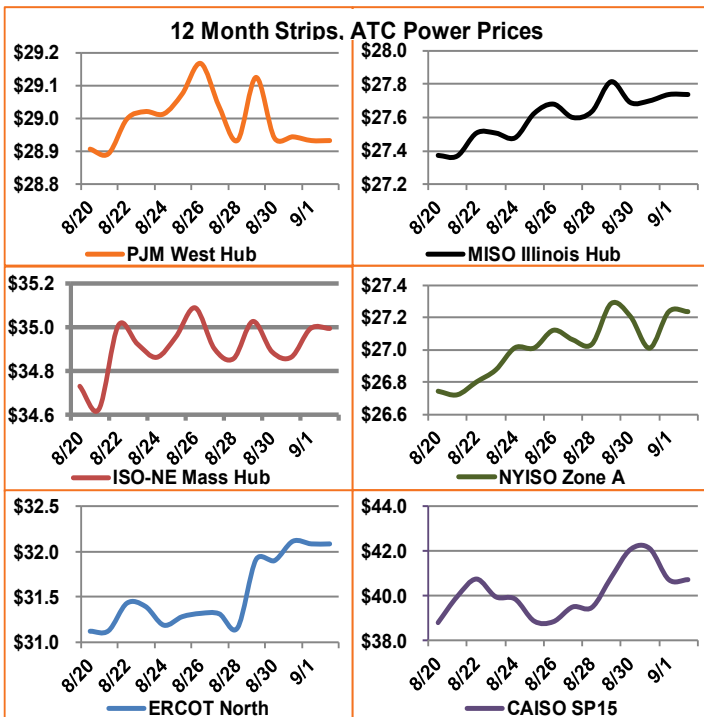
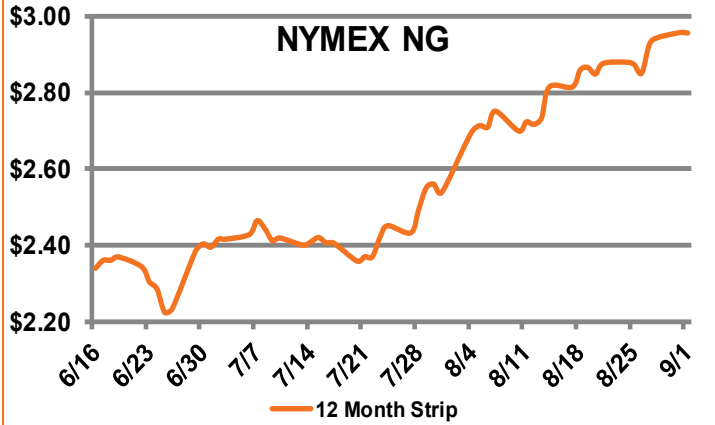
Summary: Yesterday's trading session saw big downward movement in the prompt month, as the October contract dropped 10.3 cents to close at \$2.527/MMBtu. There wasn't much movement at all beyond the prompt month, as the Q4 2020 strip moved down just 3.7 cents and the twelve month strip was flat. All forward calendar strips moved less than a couple tenths of a cent and remain steeply backwardated from 2021 through 2024, with 2023 and 2024 matching at the lowest calendar strip pricing on the board at \$2.48. The weather forecasts are largely holding steady, with California expected to remain above average over the next few weeks, while the Midcon region sees average to below-average temperatures, and some moderate heat will be moving through the Mid-Atlantic/Northeast regions. The heat should lift up power burn demand, although not to the levels spurred on by the hot July and August temperatures. Fundamentals are unchanged from yesterday, with production hovering around 86 Bcf/d, a slight trend up over the past seven days, and total demand now just under 81 Bcf/d.

Bullish Factors

- Curtailed production
- Very high power burns
- Above-normal temperatures

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Huge decline in LNG exports



Next Day On-Peak Power (traded for 9/2/2020)

ISO-NE Mass Hub \$22.44	MISO Indiana Hub \$28.11	NYISO Zone G \$22.10
PJM West Hub \$28.06	ERCOT North \$28.33	CAISO SP15 \$34.09
NYMEX NG	Close	Change
Oct-20	2.527	-0.103
Nov-20	2.901	-0.019
12 Month	2.956	-0.001
Cal 21	2.962	0.010
Cal 22	2.629	0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,420	3,375	2,840	2,982
Diff v. Current		45	580	438
% Diff			20.4%	14.7%

