

Early Morning Update

The Oct20 natural gas contract is trading up \$0.02 at \$2.51. The Oct20 crude oil contract is up \$0.03 at \$41.40.

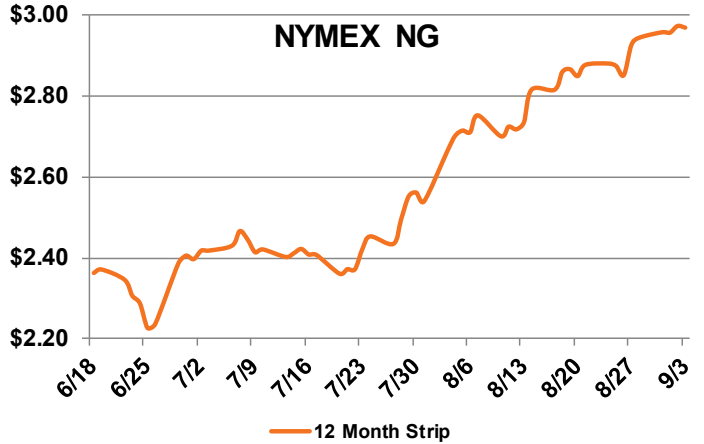
Summary: The NYMEX prompt month contract finished nearly flat yesterday to close the day at \$2.487. The market seems to have stalled around \$2.50 recently as maybe the market has found a temporary resistance level. The EIA reported a build into storage of 35 Bcf, in-line with expectations. The report was well below last year (77) and the 5-year average (66). The estimates for the next 3 weeks are +67, +40, +54 and while larger than this past week, are all lower than last year and the 5-year average as demand for gas has been high for power generation and supply has slipped due to lower production and lower rig counts. Injections should be higher for the next few weeks after that assuming production doesn't slip further because weather will moderate and demand for power generation should fall. On the power side, short-term prices for California are set to be very high this weekend as temperatures soar. The potential for blackouts exists due to extreme conditions

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 9/4/2020)

ISO-NE Mass Hub \$26.35	MISO Indiana Hub \$23.32	NYISO Zone G \$24.02
PJM West Hub \$24.03	ERCOT North \$25.63	CAISO SP15 \$333.51

NYMEX NG	Close	Change
Oct-20	2.487	0.001
Nov-20	2.927	-0.004
12 Month	2.969	-0.004
Cal 21	2.983	0.001
Cal 22	2.640	0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,455	3,420	2,917	3,048
Diff v. Current		35	538	407
% Diff			18.4%	13.4%

