

Early Morning Update

The Oct20 natural gas contract is trading down \$0.05 at \$2.54. The Oct20 crude oil contract is down \$2.22 at \$37.55.

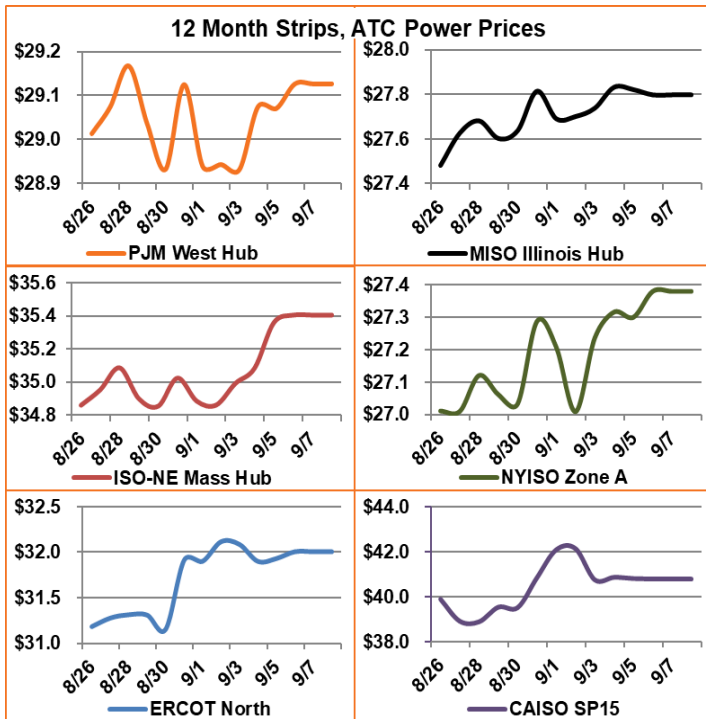
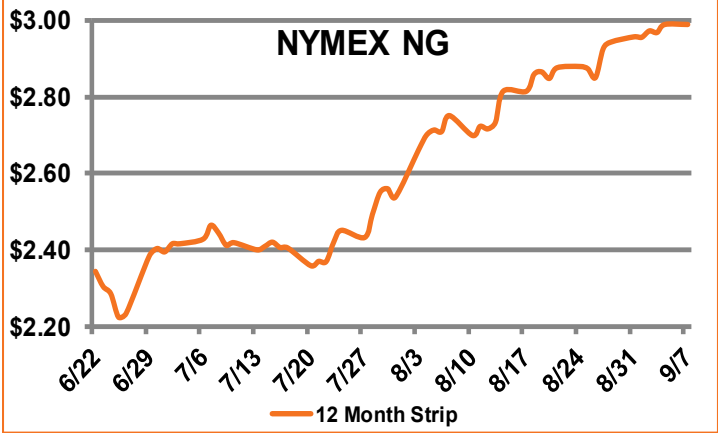
Summary: The Oct '20 NYMEX natural gas contract rallied ten cents on Friday, closing out the week at \$2.588/MMBtu. The Nov '20 contract rose six cents, but the rally ended there, as 2021-2025 calendar strips were all up less than a penny. The market remains backwardated through 2024. This comes on the heels of a storage injection, which despite being lower than historic averages, came in very close to what market analysts had expected. As well, natural gas production was up 0.5 Bcf/d on Friday, reaching 88 Bcf/d over the weekend, and total U.S. demand had dropped 1.7 Bcf/d day-over-day. Power burns have been drifting downward, as cooler temperatures envelop most of the country outside of the West Coast and the Southeast. Electric customers across California were being asked to conserve power over the holiday weekend to avoid a repeat of the rolling blackouts that were seen on August 14 and 15 during the heat wave that is currently wreaking havoc out west. No system outages were expected over the weekend, in large part due to lower overall demand over the holiday weekend.

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 9/8/2020)

ISO-NE Mass Hub \$26.00	MISO Indiana Hub \$30.00	NYISO Zone G \$24.53
PJM West Hub \$27.90	ERCOT North \$19.34	CAISO SP15 \$116.16
NYMEX NG	Close	Change
Oct-20	2.588	0.101
Nov-20	2.987	0.060
12 Month	2.990	0.021
Cal 21	2.991	0.008
Cal 22	2.642	0.002

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%

