

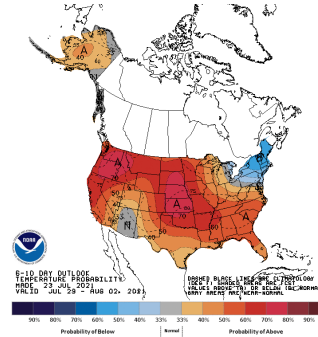


## NATURAL GAS MARKET UPDATE

Friday July 23, 2021

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## NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



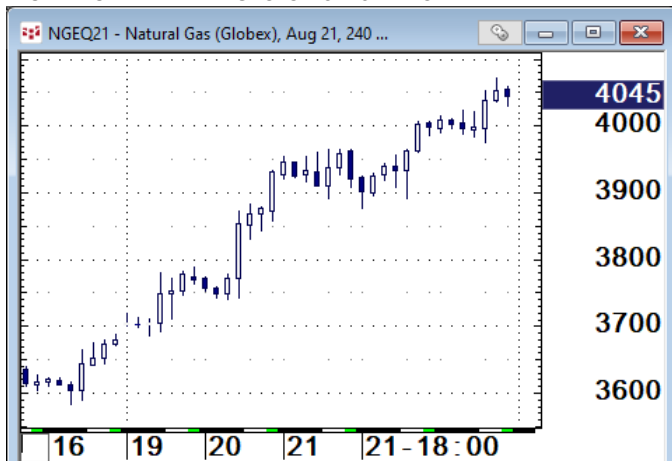
### NYMEX HENRY HUB SETTLEMENT PRICES:

7/23/21	Settle	Season		Year	
Aug21	4.060	Aug21-Oct21	4.045	Cal 22	3.411
Sep21	4.042	Nov21-Mar22	4.106	Cal 23	2.884
Oct21	4.034	Apr22-Oct22	3.163	Cal 24	2.758
Nov21	4.094	Nov22-Mar23	3.295	Cal 25	2.757
Dec21	4.185	Apr23-Oct23	2.704	Cal 26	2.775
Jan22	4.244	Nov23-Mar24	2.960	Cal 27	2.817
Feb22	4.153	Apr24-Oct24	2.617	Cal 28	2.870
Mar22	3.856	Nov24-Mar25	2.963	Cal 29	2.932
Apr22	3.206	Apr25-Oct25	2.618	Cal 30	2.997

### DOMINION-SOUTH FIXED-PRICE SETTLES (NYMEX + ICE DOM-SOUTH BASIS):

Aug-21	2.9950	Aug21-Oct21	2.7745
Sep-21	2.6795	Nov21-Mar22	3.3924
Oct-21	2.6490	Apr22-Oct22	2.2306
Nov-21	3.1915	Nov22-Mar23	2.6137
Dec-21	3.4450	Apr23-Oct23	1.9561
Jan-22	3.5640	Nov23-Mar24	2.2885
Feb-22	3.5230	Apr23-Oct23	1.8604
Mar-22	3.2385	Aug21-Jul22 (1-Yr Strip)	2.8905
Apr-22	2.5335	Calendar 2022	2.5798
May-22	2.2885	Calendar 2023	2.1813
Jun-22	2.2740	Calendar 2024	2.0395
Jul-22	2.3045	Calendar 2025	2.0278

### FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2021 NGEQ21,240 | 07/23/2021 17:16:07, CQG 22.6.8022 Alpha

### DAILY CASH MARKET PRICES (for GD23):

Columbia Gas Transmission (TCO)	3.300
Dominion South Point	2.970
Henry Hub	3.950
Tetco M3	3.150
Transco Leidy Line (receipts)	2.940
Transco Station 85 (Zone 4)	3.965
Transco Zone 5 South	4.080
Waha	3.740

### WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	7/16/2021	Build/(Draw)
Current Storage	2,678 Bcf	+49 Bcf
		Surplus/(Deficit)
Last Year Storage	3,210 Bcf	(532) Bcf
5-Year Average	2,854 Bcf	(176) Bcf
<b>ICE Traded Markets:</b>	ICE Settle:	
Weekly Storage Inventory Number (07/29/2021)	+40 Bcf	
End of Natural Gas Storage Swap (11/12/2021)	3,600 Bcf	

**Market Commentary:** After last Friday finished up with an uptick toward the 3.70 mark, this week has seen more upside still with a break above the prior highs in the 3.80's. Things opened just above 3.70 on Sunday night and traded briefly below there with an overnight low of 3.686 that has proved to be the weekly low, before staging the first rally on Monday morning that carried us as high as the upper 3.70's by the afternoon. Early Wednesday morning the bulls flexed again, taking out the 3.82 high from the beginning of the month ahead of the open, and ultimately breaking into the low 3.90's by Tuesday afternoon. Things quieted down on Wednesday with the bulk of activity concentrated in the lower 3.90's, before sellers tested their luck on Wednesday night but only managed to get down to 3.878 before buyers stepped back in. That proved to be a launch pad, and we moved back into the mid-3.90's early yesterday morning ahead of the storage report. The EIA reported that storage operators injected 49 Bcf for the week, more than expected, and good for a quick knee-jerk decline, but the decline only briefly broke below 3.90 before breaking above the \$4 mark in the early afternoon and closing above there for the day. Today rounded out the week with a move only as low as 3.976 this morning and a new 31-month high print of 4.071 this afternoon. The above 6 to 10 day outlook offers a glimmer into the latest catalyst to push us to these highs, but aside from the weather factor, not a great deal has changed. The LNG story continues to underpin demand, and southbound pipeline exports to Mexico continue to be robust in the 6.5 Bcf/day neighborhood on a month-to-date basis. Global natural gas benchmarks continue to make new highs, with NBP at \$12.34 as we close out the week, TTF is \$12.25, and JKM is up to \$14.18 for Sep21 delivery in Asia (which is now the prompt futures contract). The storage picture is looking lighter than the market is comfortable with, which has helped keep NG prices elevated in an effort to choke off demand and test its elasticity, and to free up supply for storage injections, but so far the impact on balances has been less than might historically be expected and the market continues to march higher in search of upside resistance. With so much coal capacity having been retired and natural gas replacing it as a baseload power fuel source, the old coal-to-gas switching relationships have shifted and NG can't be as easily substituted away from as it could in years past. Whether the current price environment brings out a deluge of future supply remains to be seen, but rig counts have begun to tick higher as might be expected, and despite the recent price surge at the front of the curve, the Cal23 through Cal30 Nymex strips remain in the \$2.70's to \$2.90's, which suggest that the market is not yet bracing for current pricing to be the new normal.

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