

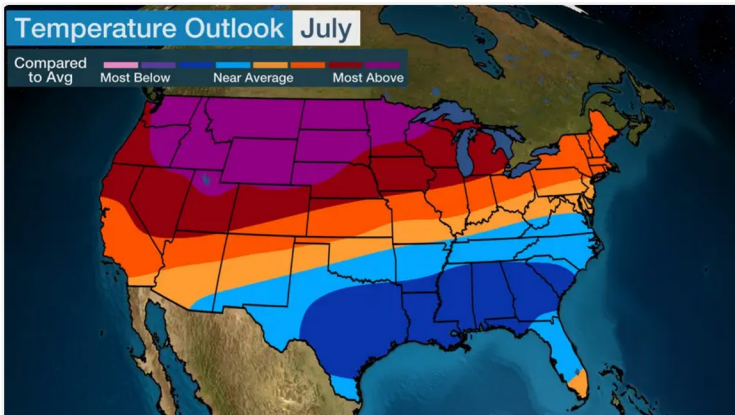
### MARKET SUMMARY

#### BIGGEST FACTOR: WEATHER

With record heat and drought conditions, pricing has focused on near-term weather and expectations for both strong domestic demand and U.S. exports over the balance of summer.

#### WEATHER (BULLISH)

**TAKEAWAY** - Summer 2021 will feature record power generation demand as heat in the West continues unabated and wildfires/hurricanes add to the uncertainty.



Source: The Weather Company

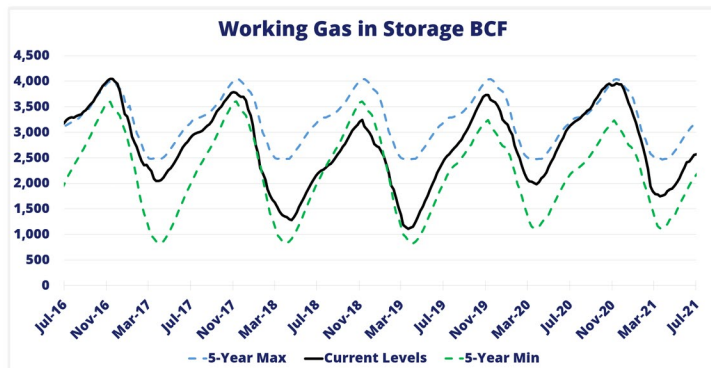
The EIA has raised its projected average Henry Hub natural gas spot price to \$3.21/MMBtu for 2021 - a jump of \$0.14 due to excessive heat.

Last month was the hottest on record in the United States, with eight states setting new June precedents.

More large wildfires have been sparked in the U.S. so far in 2021 than any other year to date since 2011.

#### STORAGE (BULLISH)

**TAKEAWAY** - June 2021 brought higher cooling demand and widened the natural gas storage deficit.



Source: EIA

#### PROCUREMENT TAKEAWAY

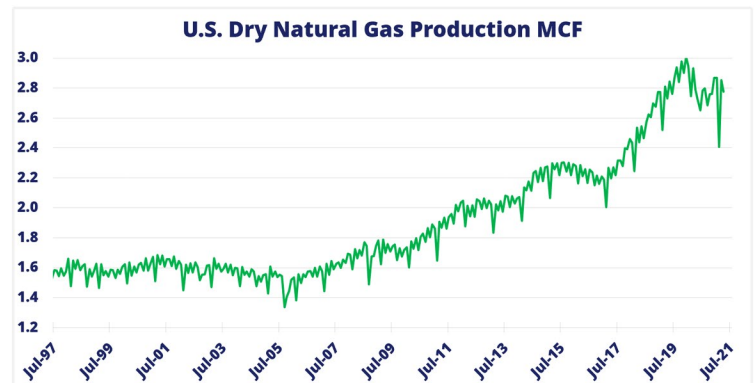
Short-term deals are favorable to avoid the most volatile points in summer while leaving the option to capitalize on a cooler market in the fall/winter.

#### STORAGE (CONTINUED)

Working gas in storage was 2,574 Bcf as of July 2. This represents a net increase of 16 Bcf from the previous week. Stocks were 551 Bcf less than last year at this time and 190 Bcf below the five-year average of 2,764 Bcf. At 2,574 Bcf, total working gas is within the five-year historical range.

#### PRODUCTION (BEARISH)

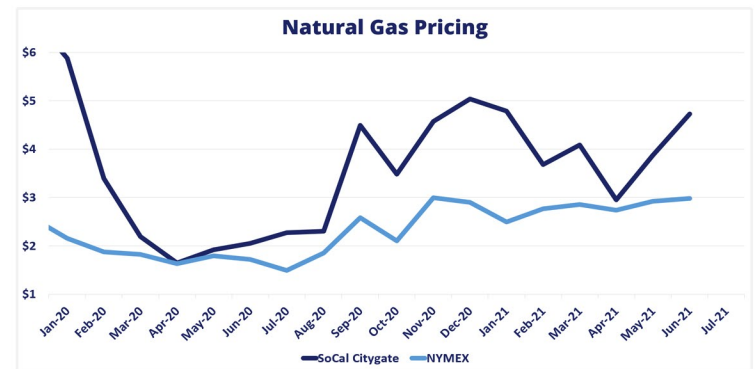
**TAKEAWAY** - U.S. natural gas production will increase in 2021 and demand will fall, according to the latest Short Term Energy Outlook (STEO) from the EIA.



Source: EIA

The Permian Basin and Haynesville Shale are expected to spur an overall increase in natural gas production among seven key U.S. producing regions in August.

#### PRICING



Source: EIA

