Market Commentary for August 19, 2020

NATURAL GAS

**Henry Hub**
Day change: $0.009 up 0.4% | Settle: $2.426 | September 2020

**TTF**
Day change: $0.079, down 2.7% | Settle: $2.885 | September 2020

**JKM**
Day change: $0.130, down 3.1% | Settle: $4.090 | September 2020

- Things are not going well in California right now, as rolling blackouts caused by peak demand and insufficient base-load resources are now coupled with wildfires...
- The state's Governor has announced a state of emergency while warning residents that blackouts could continue amid high temperatures
- It appears that power demand in Japan has returned to 2019 levels, following a return from a holiday period in the country...
- Energy forecaster, TESLA (interesting company name), cited signs of a strengthening recovery in power demand in a report sent out today
- International law firm, Ashurst is predicting a potential multi-billion dollar shake-up in Australia's LNG infrastructure ownership in a study to set to be released Thursday...
- The study points to traditional producers looking to monetize sunk costs in pursuit of capital efficiency while infrastructure funds stand ready with dry powder...
- The law firm points to Chevron's move to exit its one-sixth position in the North West Shelf JV earlier this year as the beginning of this potential M&A wave
- Queensland Curtis LNG made shipped a rare trans-basin cargo to Chile, landing at the Quintero terminal on August 15th after traveling 13,500+ nautical miles

OIL

**Brent**
Day change: $0.09, down 0.2% | Settle: $45.37 | October 2020

**WTI**
Day change: $0.04, up 0.1% | Settle: $42.93 | September 2020

- **EIA weekly petroleum status report**: total stocks net draw of 2.6 MMbbl (excl. SPR), +132 MMbbl higher than the same time period y/y...
- Inventories of crude oil saw a draw of 1.6 MMbbl (Cushing holding 52.7 MMbbl)...
- Gasoline inventories drew down 3.3 MMbbl, while diesel and residual fuel inventories built 0.2 MMbbl and 0.9 MMbbl respectively...
- Refinery utilization was 80.9% compared to 95.9% a year ago
- U.S. well completions were only 171 during July - roughly 85% lower during the same time-period y/y; this is the lowest completion rate in the U.S. since 2014...
- Bringing online significantly fewer wells will have an impact on the total production
of oil & gas in the U.S. as shale wells typically have steep decline rates during the first year of being online and offset by new production.

- Saudi Energy Minister Prince Abdulaziz bin Salman believes global crude demand will return to 97% of pre-pandemic levels during 4Q.
- Citigroup CEO Michael Corbat believes banks should turn away companies that are not looking to "reduce emissions"...that's right, you must go green to get the green.