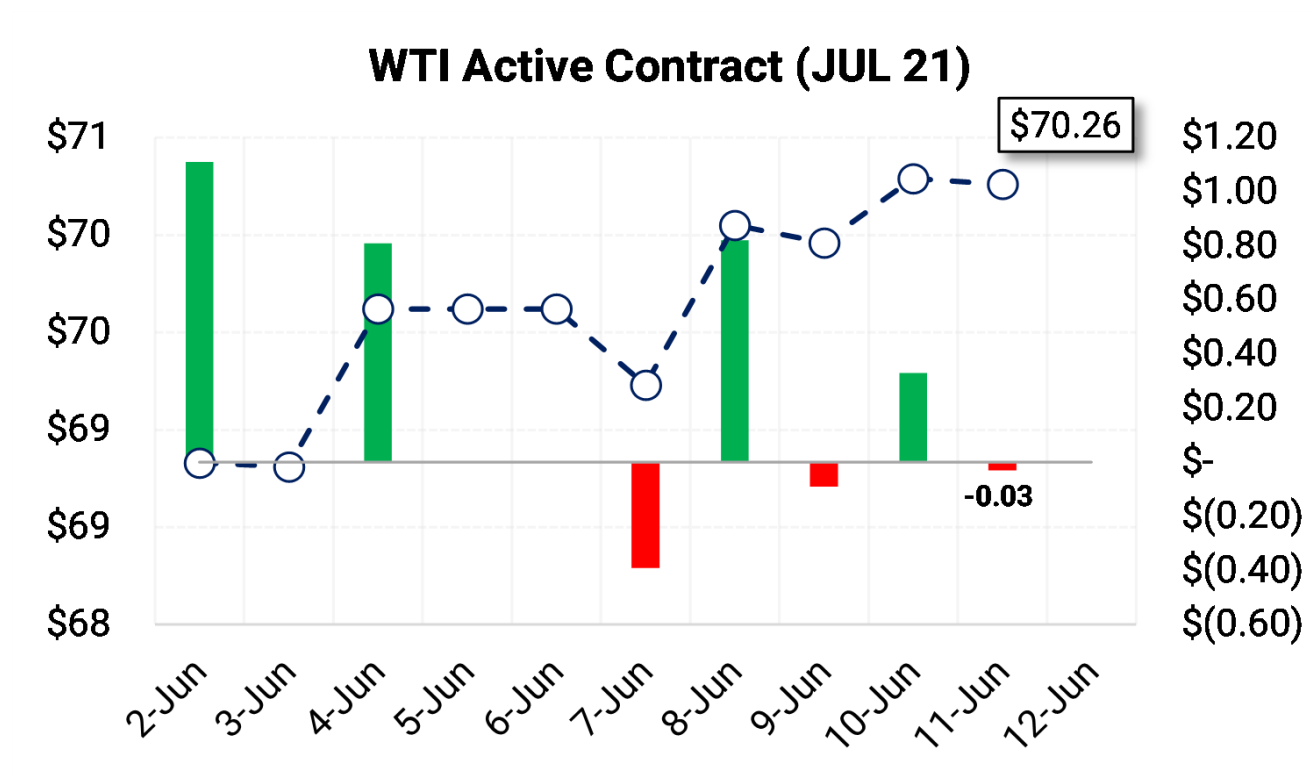


# June 11, 2021

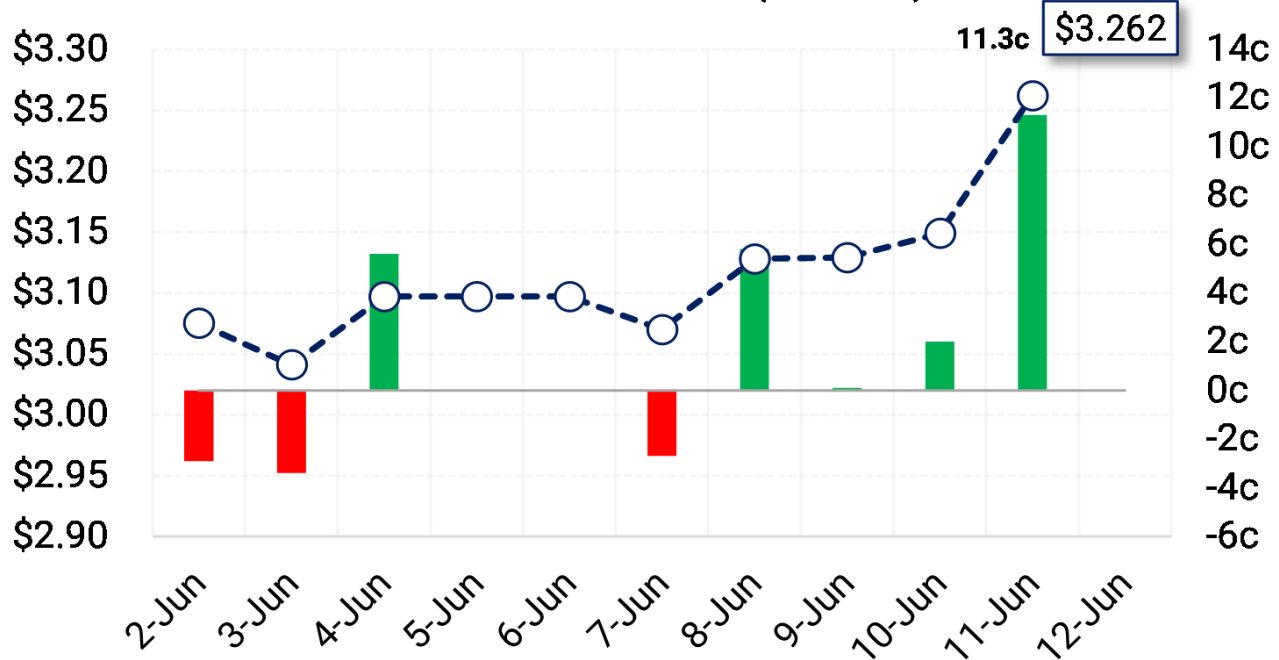
June 11, 2021 | [Nick Hillman](#)



- Oil prices are on track for a third consecutive week of gains on continued signs of an improving demand outlook
  - The International Energy Agency (IEA) warned that the market would need extra supply next year
  - The agency said Friday that OPEC+ would need to increase output to keep the market adequately supplied, though forecasted demand won't reach pre-virus levels until late 2022
  - Road traffic in the U.S. and most of Europe is essentially back to pre-pandemic levels, but jet fuel remains much further away from where it was in 2019 (Bloomberg)
- One of the biggest wild cards for the oil market is when Iranian crude will return to the market
  - Nuclear talks involving Iran are set to resume in Vienna this weekend
  - OPEC will need to add about 1.4 MMBbl/d – or less if Iran clinches a

deal to remove U.S. sanctions (IEA monthly report)

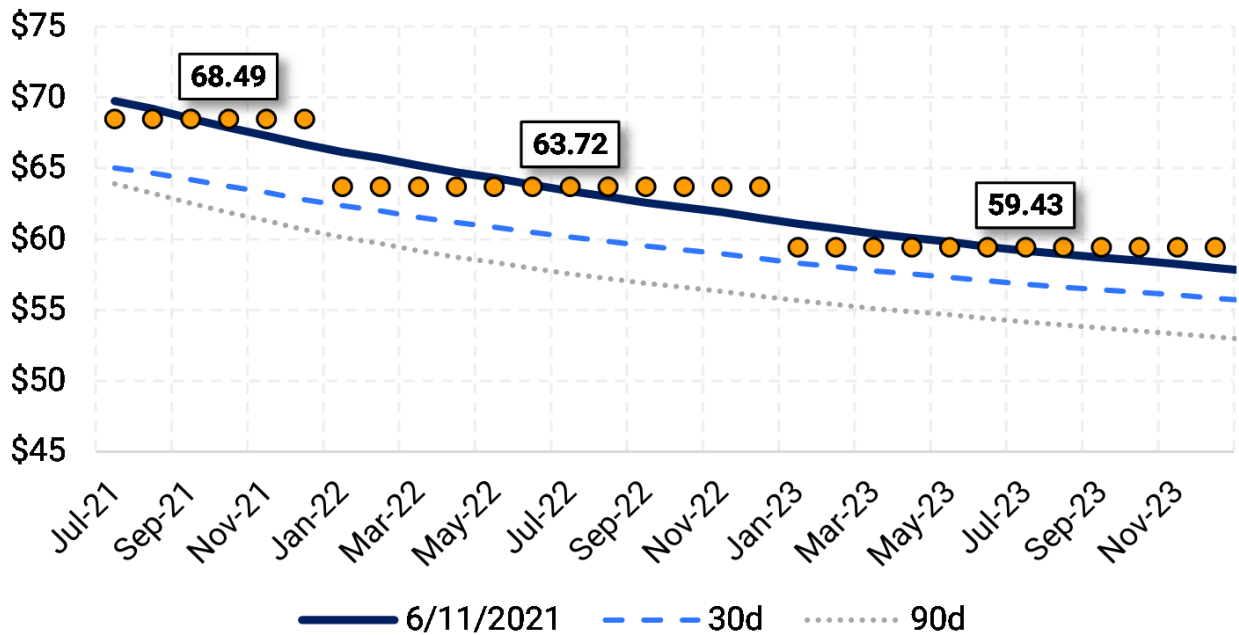
### NG Active Contract (JUL 21)



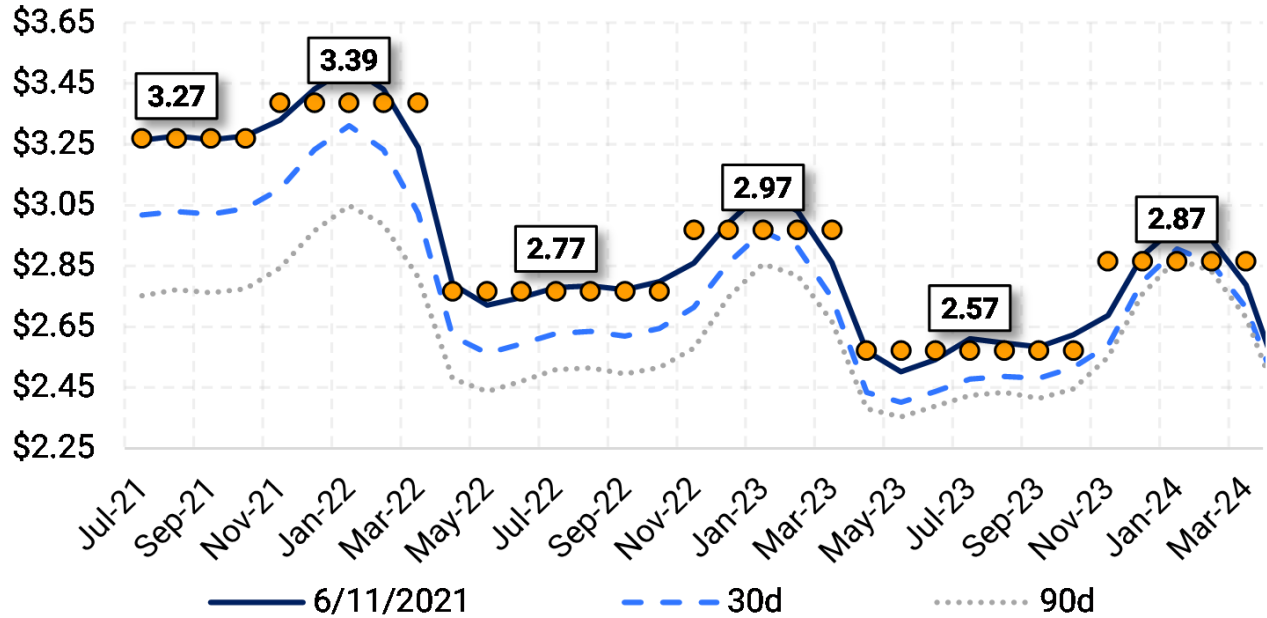
- The prompt-month (July '21) Henry Hub contract is on track for its largest weekly gain since April
  - The contract is up 16.3c on the week as weather forecast have tilted warmer, while hydropower in the U.S. West has fallen off due to droughts
  - According to Bloomberg, three-fourths of the Western U.S. is gripped by a drought more severe than anything recorded in the history of the U.S. Drought Monitor
  - The reservoir level at the iconic Hoover Dam has plunged to its lowest level since 1937, which has caused its power generation capacity to slip by 25%. The dam provides power for nearly 8MM people in Arizona, SoCal, and Nevada (Bloomberg)
    - According to EIA930 data, U.S. hydropower generation is averaging 3,407 MW/d or -9.6 % lower year-over-year so far in June
- Texas Eastern Transmission co. issued a new update on their 30" TETCO system outage
  - The company does not expect the 30" pipeline between Uniontown

- and Kosciusko to return to full service until late 3Q2021, at the earliest. A scope-of-work report is expected by the end of June
- Dominion South differentials have fallen throughout the week, with the prompt contract trading 10c lower at around \$-1.06, and the Summer '21 strip down 8c at around \$-1.20 behind Henry Hub
    - The reduced flows on TETCO are also tightening the Southeast gas market, helping support Henry Hub prices

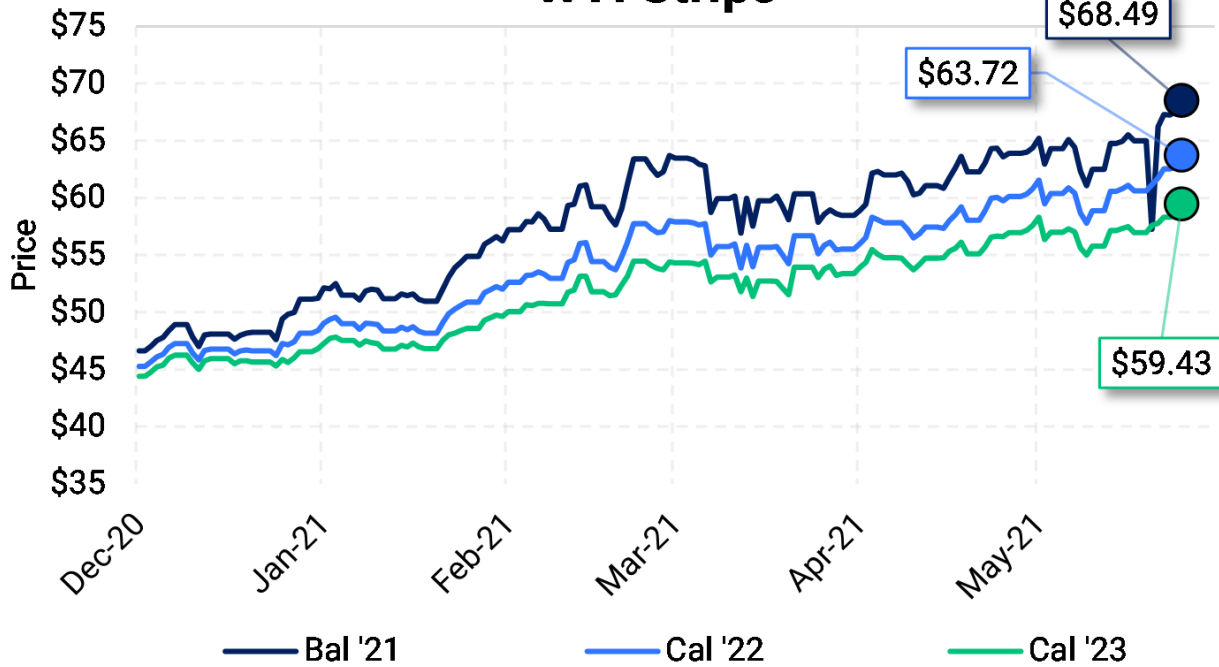
## WTI Calendar Strips



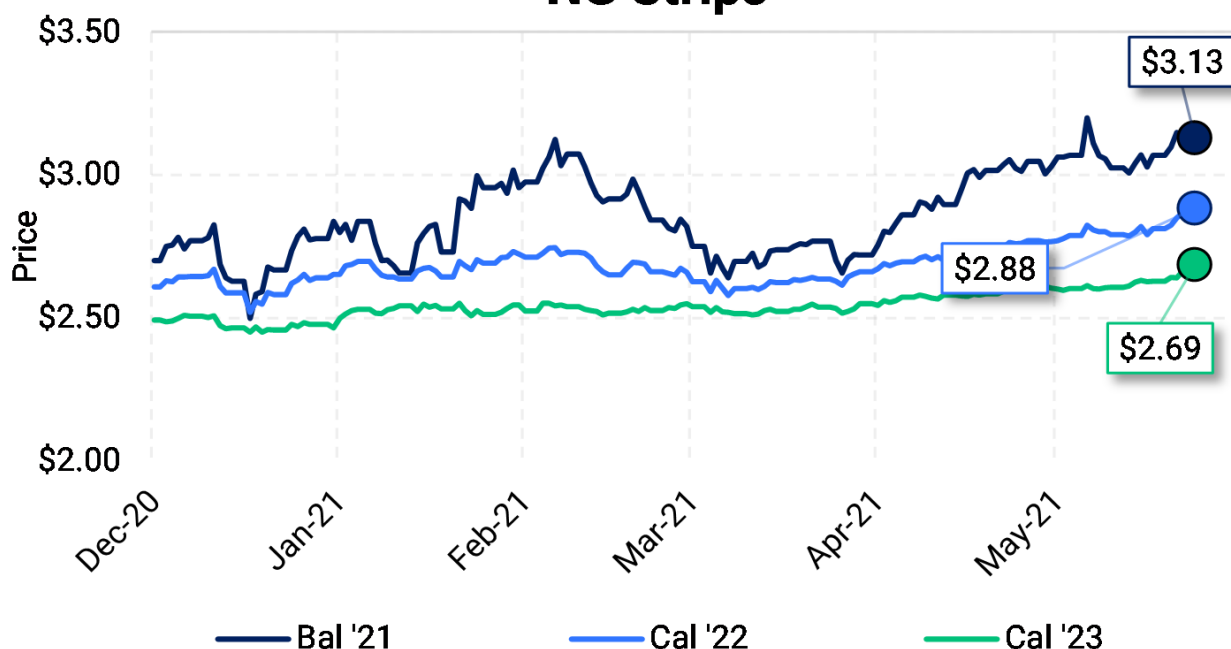
## NG Seasonal Strips



## WTI Strips



## NG Strips



### Swap Pricing

		Bal 21		Cal 22		Cal 23		Cal 24		Cal 25
NYMEX WTI Crude	\$	68.49	\$	63.72	\$	59.43	\$	56.65	\$	54.85
ICE Brent Crude	\$	70.72	\$	66.84	\$	63.55	\$	61.33	\$	59.94
Light Louisiana Sweet	\$	70.30	\$	65.89	\$	61.69	\$	58.92	\$	57.17
TM Midland Differential	\$	0.36	\$	0.50	\$	0.63				
NYMEX Natural Gas	\$	3.31	\$	2.95	\$	2.72	\$	2.66	\$	2.65

Source: Bloomberg LP

Indicative only

### Natural Gas Basis

Location	Spot	Summer '21	Winter '21/'22	Summer '22	Winter '22/'23
Henry Hub Fixed	3.10	3.27	3.31	2.75	2.96
Chicago CG	\$ (0.08)	\$ (0.18)	\$ (0.17)	\$ (0.19)	\$ (0.15)
PEPL	\$ (0.17)	\$ (0.18)	\$ 0.01	\$ (0.20)	\$ (0.08)
Opal	\$ (0.17)	\$ 0.27	\$ 0.57	\$ (0.11)	\$ 0.26
Waha	\$ (0.23)	\$ (0.02)	\$ (0.00)	\$ (0.34)	\$ (0.32)
TETCO M3	\$ (1.04)	\$ (0.86)	\$ 1.14	\$ (0.64)	\$ 0.93
Dominion S	\$ (1.11)	\$ (1.20)	\$ (0.74)	\$ (0.83)	\$ (0.71)

All prices as previous trading day close

Source: Bloomberg

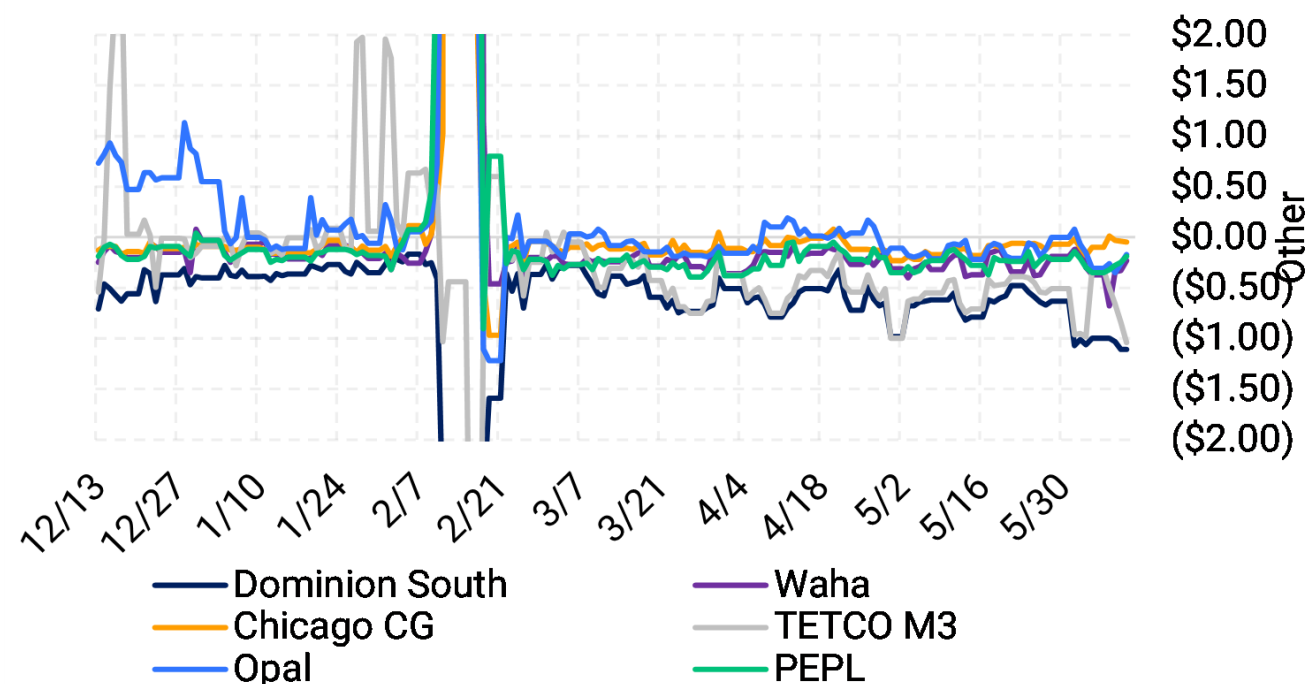
## Natural Gas Liquids

	Month 1		Bal 21		Cal 22		Cal 23		Cal 24	
MBV x-TET C2	\$	0.28	\$	0.28	\$	0.25	\$	0.23	\$	0.21
MBV x-TET C3	\$	0.96	\$	0.96	\$	0.80	\$	0.70	\$	0.70
MBV x-TET n-C4	\$	1.05	\$	1.06	\$	0.86	\$	0.76	\$	0.72
MBV x-TET C5	\$	1.53	\$	1.51	\$	1.38	\$	1.24	\$	1.13

Source: Bloomberg LP

All prices are indicative only

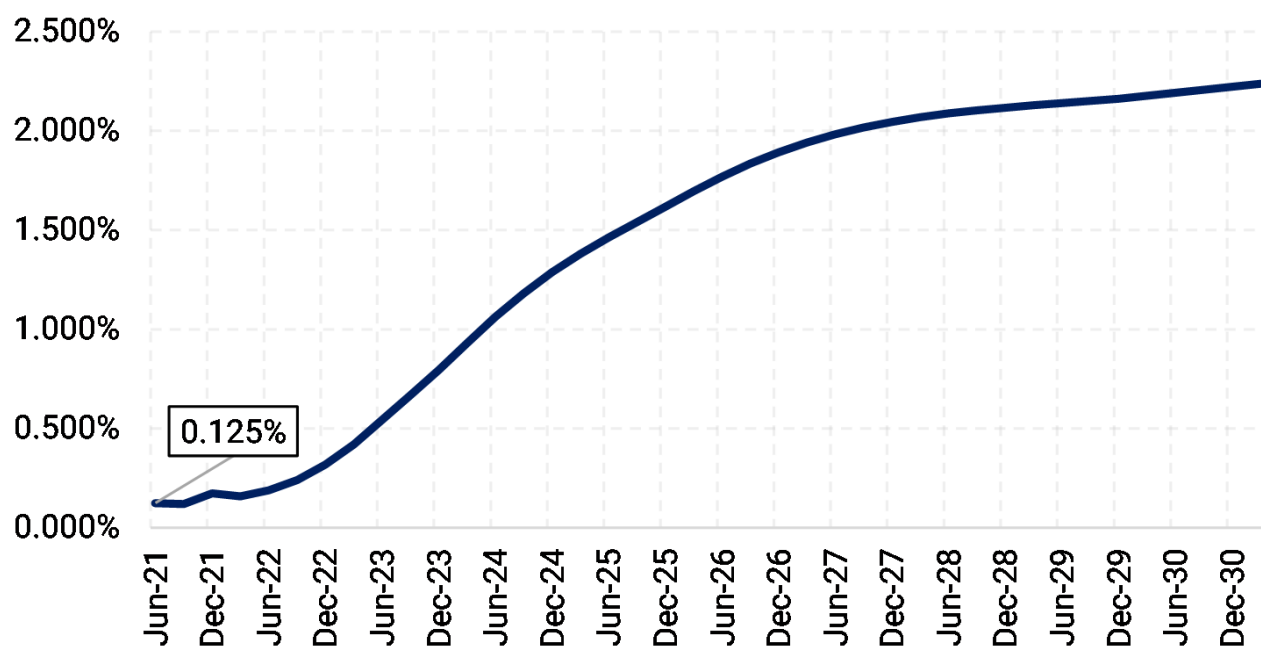
## Cash Basis



LIBOR	6/11/2021	One day ago	One month ago	One year ago
1 M	0.075%	0.075%	0.094%	0.185%
3 M	0.125%	0.125%	0.160%	0.313%
6 M	0.157%	0.157%	0.191%	0.420%
1 Year	0.241%	0.241%	0.265%	0.605%

<b>Interest Rate Swap</b>	<b>6/11/2021</b>	<b>One day ago</b>	<b>One month</b>	<b>One year ago</b>
2-year	0.221%	0.217%	0.256%	0.277%
3-year	0.398%	0.387%	0.431%	0.281%
5-year	0.804%	0.785%	0.882%	0.371%
7-year	1.130%	1.109%	1.254%	0.505%
10-year	1.434%	1.410%	1.595%	0.664%

### Three-Month USD LIBOR Curve



## Interest Rate Swap - Historical

