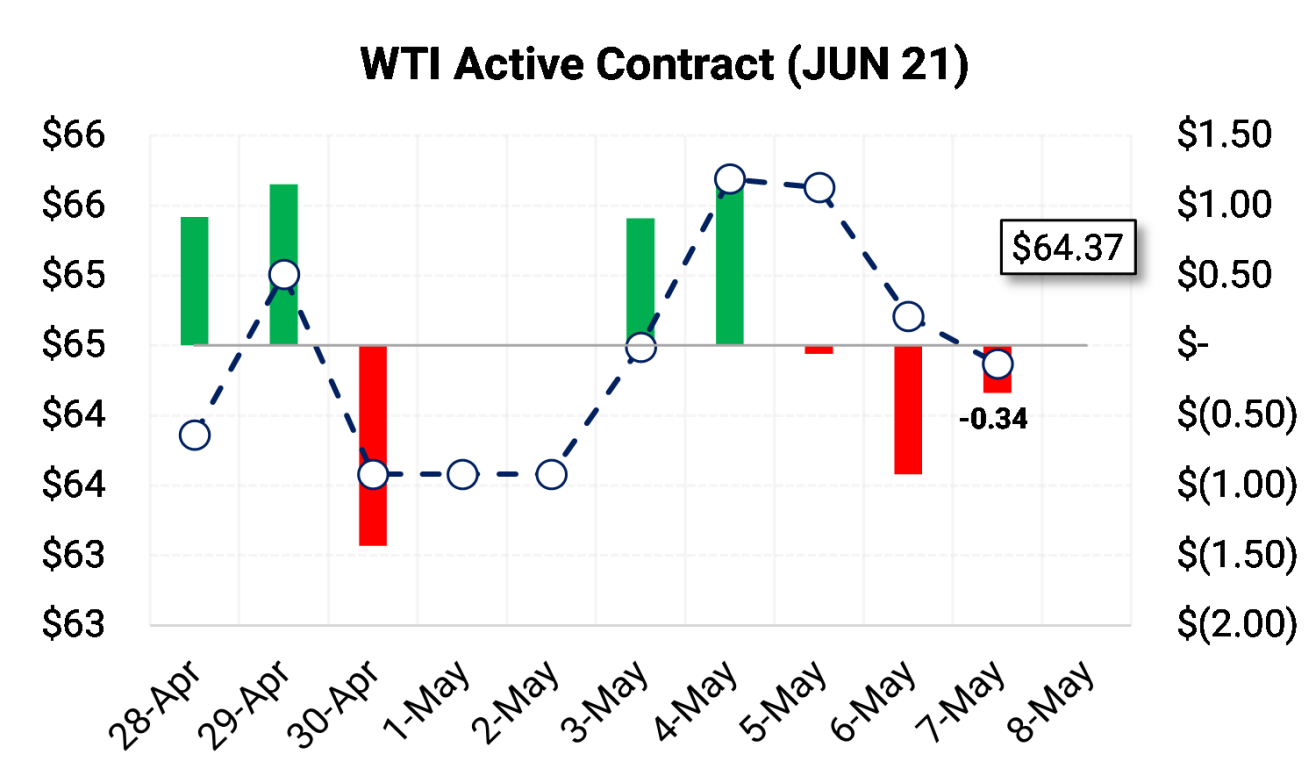


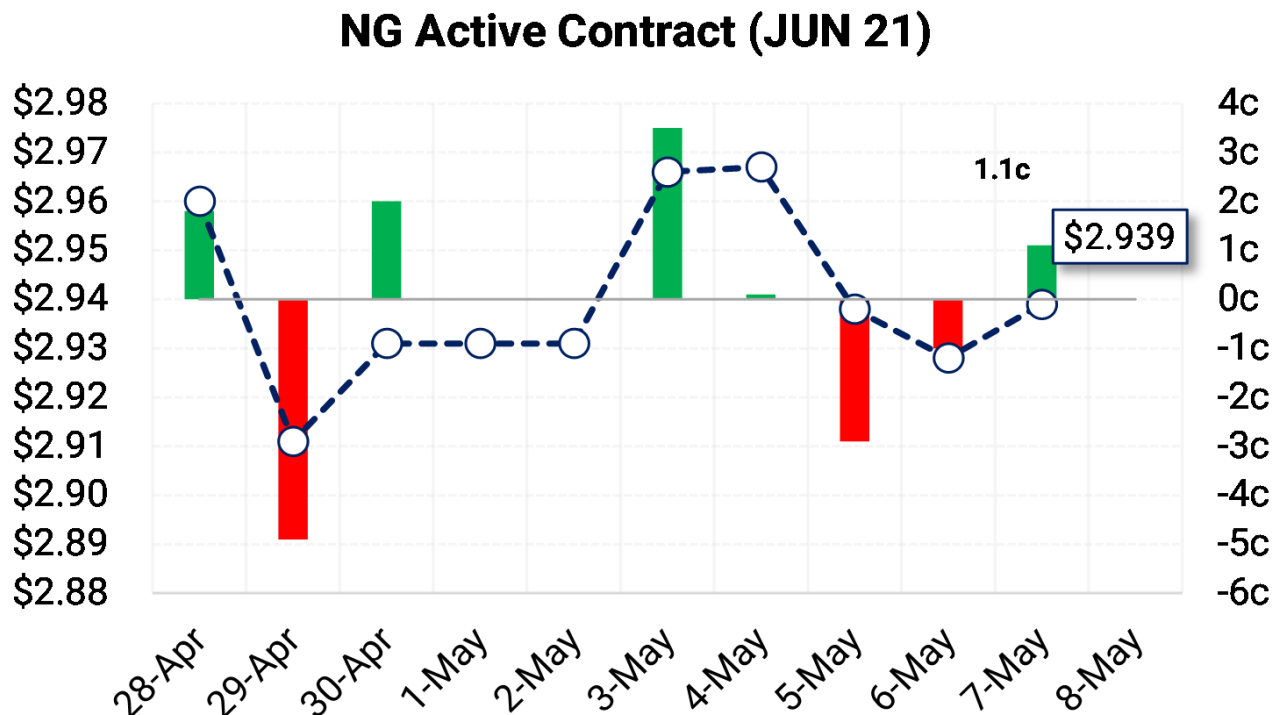
# May 7, 2021

May 07, 2021 | Nick Hillman



- Iran nuclear talks resume, as diplomats convened for the fourth round of negotiations to have Iran adhere to its nuclear agreements in exchange for sanctions relief
  - According to Bloomberg, a U.S. diplomat said on Thursday, “that an agreement could be reached this month
  - AEGIS notes that if sanctions are removed on Iran then up to 1.5 MMBbl/d of supply could return to the market
- U.S. demand for jet fuel slated to jump 20% in June, to exceed 1 MMBbl/d - (Bloomberg)
  - Demand over the next four weeks stands at around 850 MBbl/d, as implied by scheduler passenger flights
  - Domestic flights will account for 80% of demand, as the COVID-19 situation has limited international demand
- USGC refining margins sustain record-highs not seen since Hurricane Harvey in 2017 - (Argus)

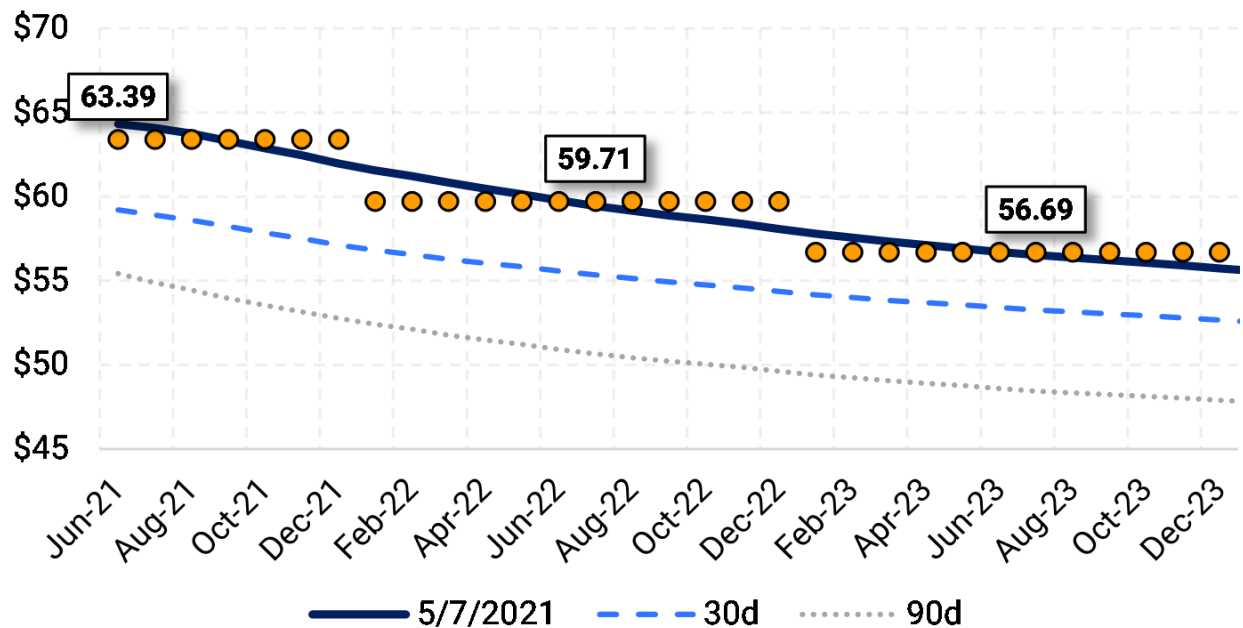
- Gulf coast refining margins, as measured against WTI Houston crude based on a 3-2-1 yield, rose to \$18.90/bl this week, the second-highest level since September 2017
- Refinery runs have increased since Winter-Storm Uri but remain below pre-COVID levels. A strong surge in gasoline demand this summer could give refiners the boost needed to reach pre-COVID levels



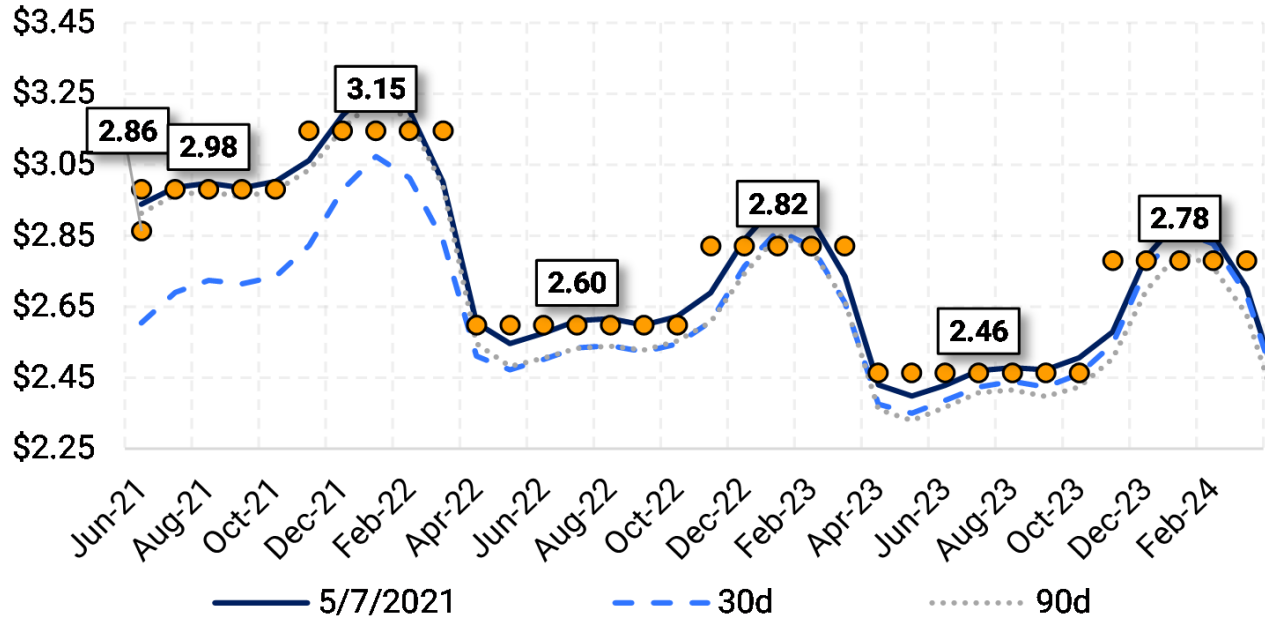
- On Friday morning, the natural gas curve was nearly flat to last week's Friday settle. Longer-dated tenors did rise a few pennies, but the prompt contract and Summer 2021 strip were unchanged
  - Weather for May is forecast to be toward the top of the last 20 years in terms of natural gas weighted heating degree days (HDDs) at 165 (Commodity Weather Group)
  - May is typically one of the lowest months for overall demand as temperatures in high demand regions average closer to 65°F than other months
  - The following 6-10 days of model runs show widespread below-average temperatures across the Lower 48 and more normal temps in the 11-15 day window for the US

- Natural gas storage added 60 Bcf for the week ended April 30 - much lower than the build in 2020 for the same week
  - The rise in inventories was closely in line with what analysts were expecting
  - Inventories now stand at 1.958 Tcf and are 345 Bcf below the year-ago level of 2.303 Tcf and 61 Bcf less than the five-year average storage level of 2.019 Tcf
  - AEGIS models continue to show a tight daily supply and demand environment. Strong export demand from LNG and Mexico coupled with lower supply are contributing factors to the market tightness

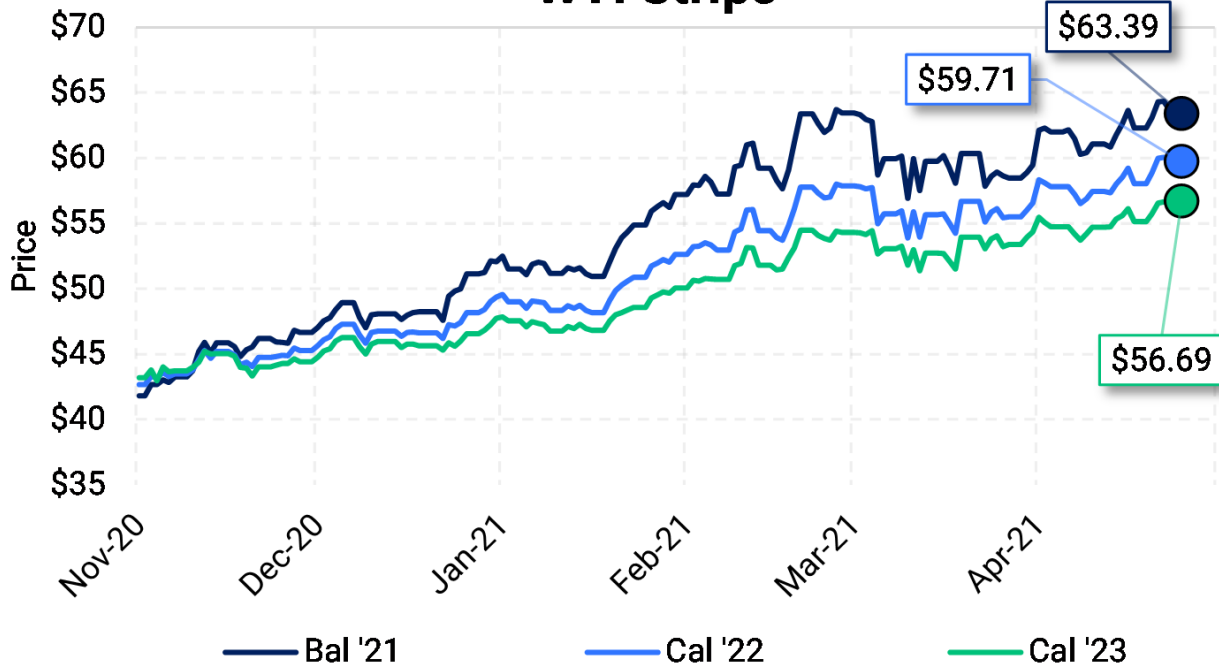
## WTI Calendar Strips



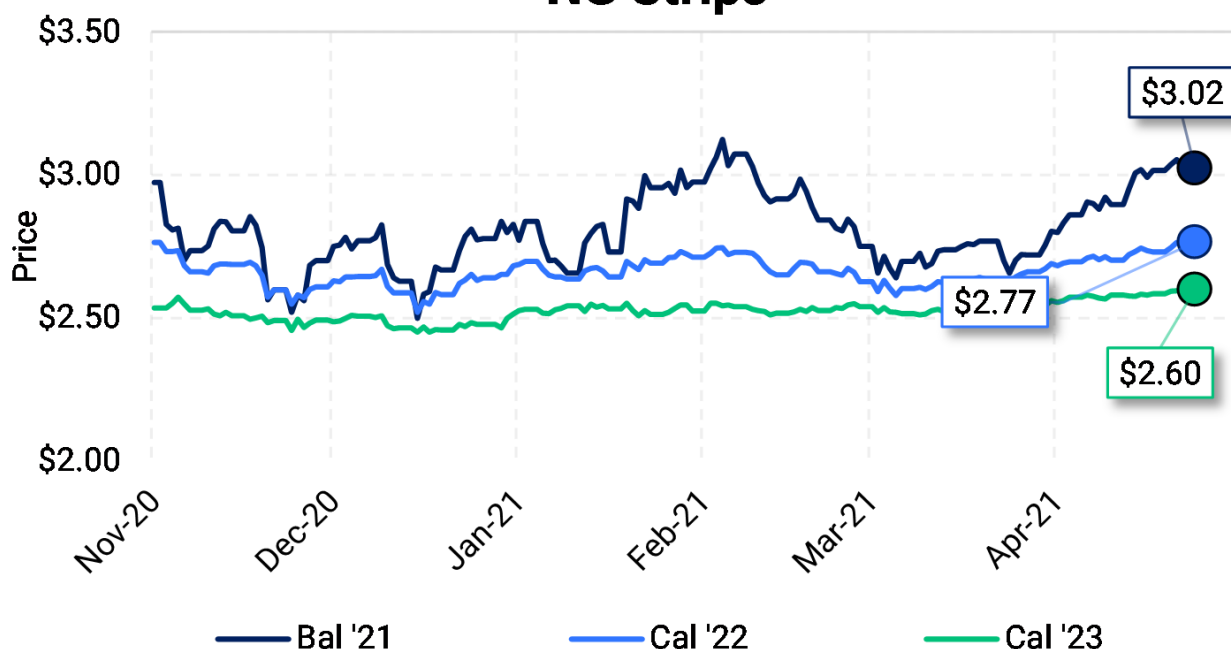
## NG Seasonal Strips



## WTI Strips



## NG Strips



### Swap Pricing

		Bal 21	Cal 22	Cal 23	Cal 24	Cal 25
NYMEX WTI Crude	\$	63.39	\$ 59.71	\$ 56.69	\$ 54.97	\$ 54.28
ICE Brent Crude	\$	66.42	\$ 63.33	\$ 61.08	\$ 59.76	\$ 58.99
Light Louisiana Sweet	\$	65.43	\$ 61.97	\$ 59.20	\$ 57.56	\$ 56.85
TM Midland Differential	\$	0.55	\$ 0.70	\$ 0.73		
NYMEX Natural Gas	\$	3.02	\$ 2.76	\$ 2.60	\$ 2.62	\$ 2.64

Source: Bloomberg LP

Indicative only

### Natural Gas Basis

Location	Spot	Summer '21	Winter '21/'22	Summer '22	Winter '22/'23
Henry Hub Fixed	2.90	2.98	3.14	2.60	2.82
Opal	\$ (0.15)	\$ 0.16	\$ 0.56	\$ (0.06)	\$ 0.34
Chicago CG	\$ (0.16)	\$ (0.25)	\$ (0.18)	\$ (0.17)	\$ (0.16)
PEPL	\$ (0.24)	\$ (0.19)	\$ (0.03)	\$ (0.20)	\$ (0.05)
Waha	\$ (0.25)	\$ (0.05)	\$ 0.01	\$ (0.35)	\$ (0.21)
TETCO M3	\$ (0.55)	\$ (0.76)	\$ 0.95	\$ (0.62)	\$ 0.82
Dominion S	\$ (0.63)	\$ (0.94)	\$ (0.68)	\$ (0.78)	\$ (0.69)

All prices as previous trading day close

Source: Bloomberg

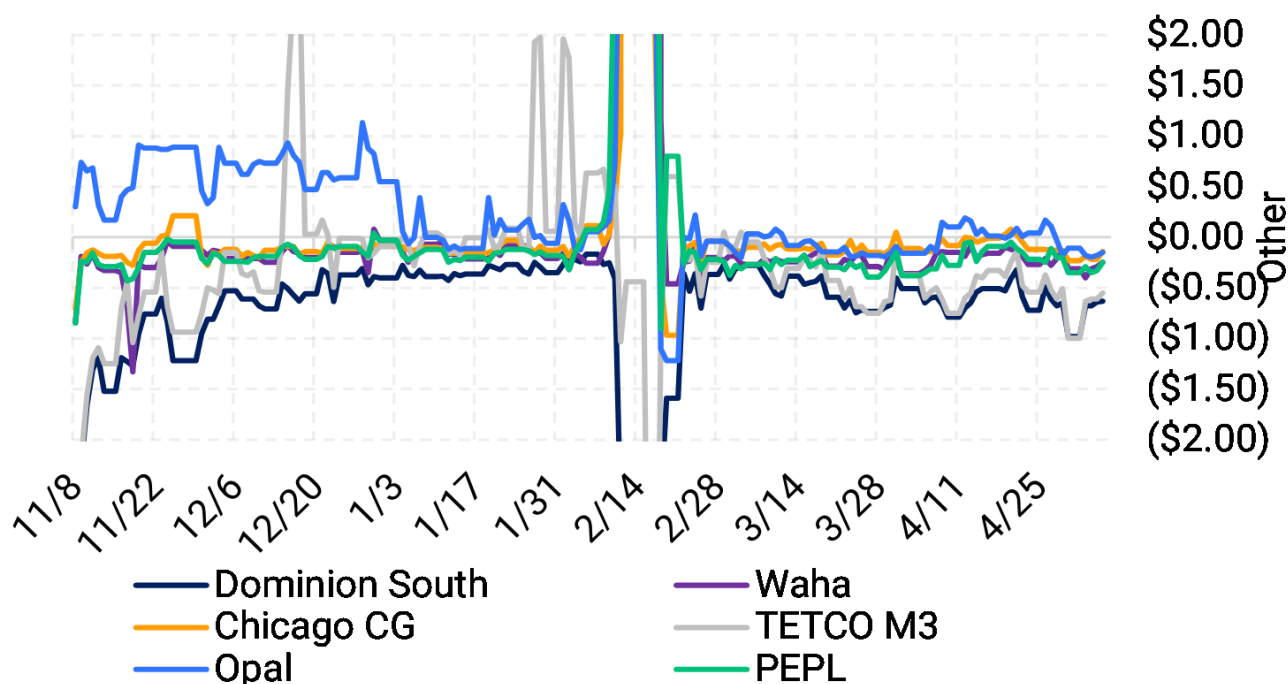
## Natural Gas Liquids

	Month 1		Bal 21		Cal 22		Cal 23		Cal 24	
MBV x-TET C2	\$	0.26	\$	0.26	\$	0.24	\$	0.22	\$	0.21
MBV x-TET C3	\$	0.80	\$	0.81	\$	0.68	\$	0.60	\$	0.58
MBV x-TET n-C4	\$	0.85	\$	0.87	\$	0.73	\$	0.65	\$	0.60
MBV x-TET C5	\$	1.44	\$	1.41	\$	1.28	\$	1.16	\$	1.07

Source: Bloomberg LP

All prices are indicative only

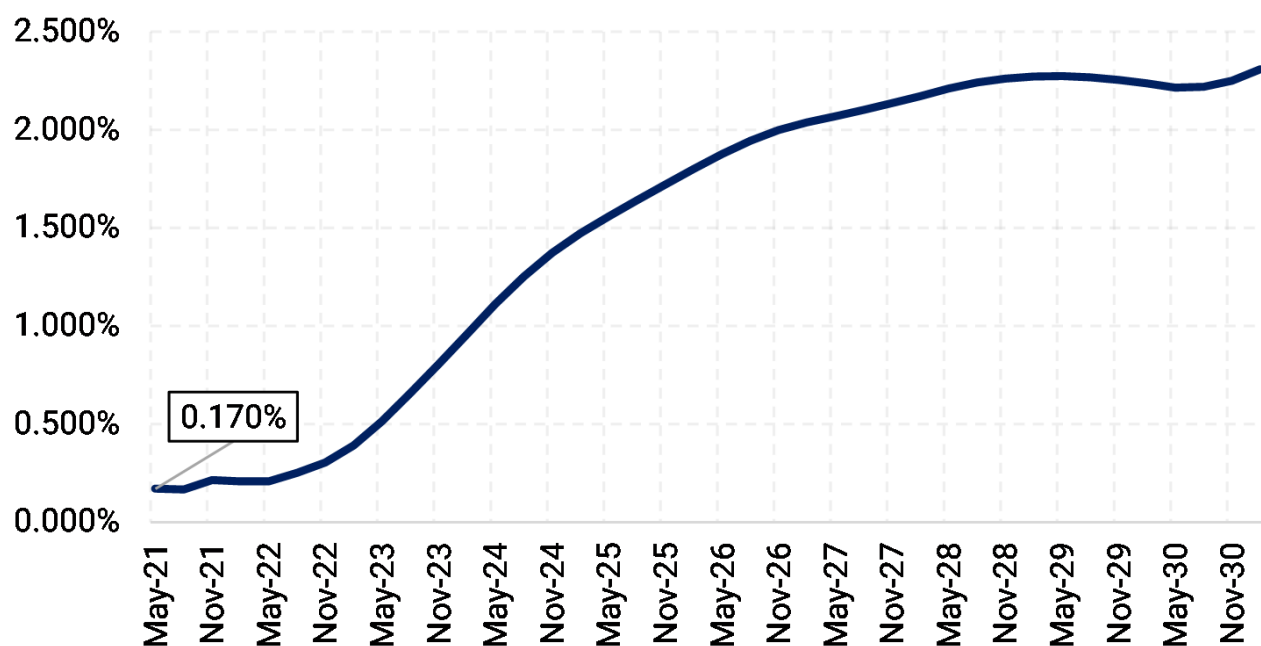
## Cash Basis



LIBOR	5/7/2021	One day ago	One month ago	One year ago
1 M	0.106%	0.106%	0.113%	0.198%
3 M	0.170%	0.170%	0.194%	0.435%
6 M	0.201%	0.201%	0.210%	0.688%
1 Year	0.279%	0.279%	0.285%	0.783%

<b>Interest Rate Swap</b>	<b>5/7/2021</b>	<b>One day ago</b>	<b>One month</b>	<b>One year ago</b>
2-year	0.241%	0.265%	0.289%	0.243%
3-year	0.409%	0.451%	0.493%	0.246%
5-year	0.843%	0.905%	0.994%	0.334%
7-year	1.185%	1.250%	1.375%	0.461%
10-year	1.497%	1.561%	1.707%	0.608%

### Three-Month USD LIBOR Curve



## Interest Rate Swap - Historical

