

Early Morning Update:

The Aug17 natural gas contract is trading flat to Monday's close at \$2.95. The Aug17 crude contract is down \$0.67 at \$46.40.

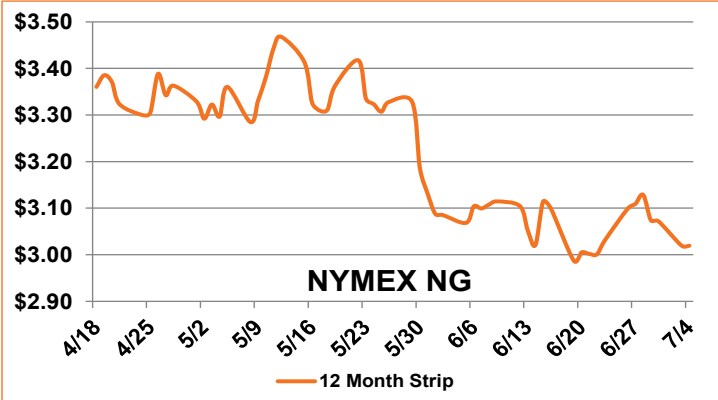
Summary: The NYMEX NG prompt month traded 8.4 cents lower on Monday, as forecasters made slight bearish revisions to weather forecasts over the weekend. The Aug17 contract settled under the \$3.00 support level at \$2.951/MMBtu on Monday. U.S. dry natural gas production has made a comeback for this first part of July, setting a new 2017 high of 72.437 Bcf/d over the holiday, and holding steady above 72 Bcf/d over the past 7 days. The Northeast/Midwest region is leading the growth in production with an almost 10% increase compared to the first part of July 2016. This fundamental change has had a significant impact on analysts' expectations for the Energy Information Association's upcoming Natural Gas Storage Reports. Before the weekend, estimates for the storage report for week ending July 7, 2017 had centered around a 45 Bcf injection, but now analysts are estimating a build closer to 60 Bcf. Additionally, estimates for storage growth for the week ending July 14, 2017 have increased dramatically, from ~30 Bcf to ~50 Bcf. These increases should help put U.S. natural gas storage levels in a slightly better position heading into winter 2017/2018.

Bullish Factors

- Slow-growing production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- Producer hedging



Next Day On-Peak Power (traded for 7/5/2017)

ISO-NE Mass Hub \$34.00	MISO Indiana Hub \$32.60	NYISO Zone G \$34.70
PJM West Hub \$34.44	ERCOT North \$32.50	CAISO SP15 \$42.15
NYMEX NG	Close	Change
Aug-17	2.951	-0.084
Sep-17	2.953	-0.078
12 Month	3.019	-0.052
Cal 18	2.962	-0.030
Cal 19	2.838	-0.015

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,816	2,770	3,133	2,636
Diff v. Current		46	-319	181
% Diff			-10.2%	6.9%

