

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.01 at \$2.88. The Aug18 crude contract is up \$0.31 at \$74.45.

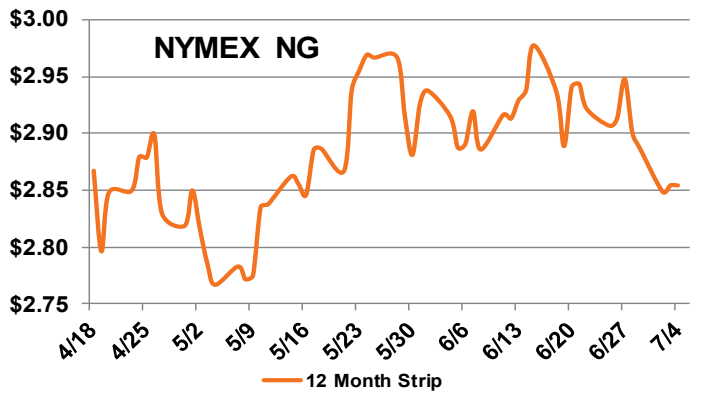
Summary: While most people spent the Independence Day holiday relaxing with family and friends, U.S. dry natural gas production did not take a break, hitting a new all-time high of 80.8 Bcf/d yesterday. While higher power burn and elevated demand due to hot weather has slowed storage building recently, robust production could help storage inventories recover at an above-average pace in the coming weeks. Total U.S. demand is up 0.8 Bcf/d from yesterday, with most of that increase coming from higher LNG demand (0.4 Bcf/d) and exports to Mexico (0.2 Bcf/d). Meanwhile, power burn is easing, down 2.6 Bcf/d from earlier this week to 35.8 Bcf/d today. The Aug18 NYMEX contract settled up 0.8 cent on Tuesday at \$2.870/MMBtu. While hot temperatures are offering plenty of price support, record production is keeping a lid on prices, with the prompt month only settling above the \$3.00 technical ceiling once in the past five months. The U.S. Energy Information Administration's weekly storage report is delayed until tomorrow, with the market currently estimating a 75 Bcf injection for the week to June 28.

Bullish Factors

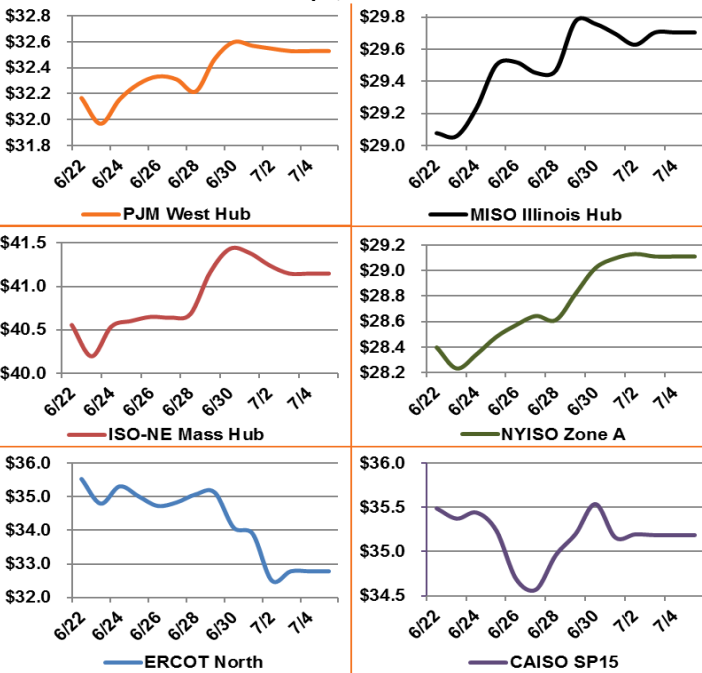
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Strong NG production
- Growing renewable energy generation
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12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 7/5/2018)

ISO-NE Mass Hub \$56.43	MISO Indiana Hub \$46.49	NYISO Zone G \$46.06
PJM West Hub \$55.87	ERCOT North \$35.44	CAISO SP15 \$46.29
NYMEX NG	Close	Change
Aug-18	2.870	0.008
Sep-18	2.846	0.002
12 Month	2.854	0.006
Cal 19	2.791	0.010
Cal 20	2.681	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,074	2,008	2,809	2,575
Diff v. Current		66	-735	-501
% Diff			-26.2%	-19.5%

