

Early Morning Update:

The Aug17 natural gas contract is trading up \$0.04 at \$2.88. The Aug17 crude contract is up \$0.67 at \$45.80.

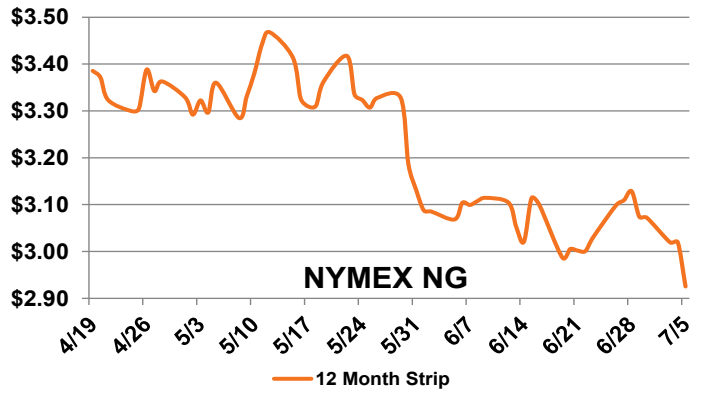
Summary: Prices for the Aug17 natural gas contract tumbled to a four-month low yesterday on the heels of cooler weather outlooks and steadily increasing production. The latest forecasts from the National Weather Service show much less heat in the eastern half of the country compared to pre-holiday expectations for the entire country to be blanketed by above-average temperatures. Only Florida will remain above-normal, while the rest of the East returns to normal and even below-normal temperatures in parts of the Southeast. The prompt month settled at \$2.840/MMBtu on Wednesday, after falling eight cents on Monday, and another eleven cents yesterday. This is over a 6% drop just since Friday, and is the lowest settle since March 7. Production fell 0.9 Bcf/d from yesterday to 71.3 Bcf/d today, but has averaged 72.3 Bcf/d over the past week, and reached 72.5 Bcf/d on the Fourth of July, the highest level of the year. Because of the holiday this week, the U.S. Energy Information Administration is delaying the release of their weekly storage report until tomorrow.

Bullish Factors

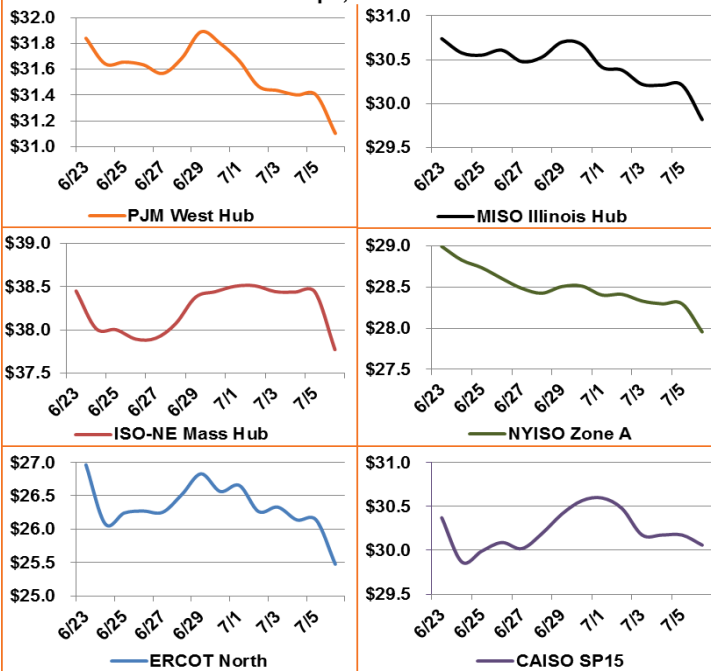
- Slow-growing production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 7/6/2017)

ISO-NE Mass Hub \$27.50	MISO Indiana Hub \$36.04	NYISO Zone G \$32.09
PJM West Hub \$31.04	ERCOT North \$35.96	CAISO SP15 \$57.45
NYMEX NG	Close	Change
Aug-17	2.840	-0.111
Sep-17	2.837	-0.116
12 Month	2.925	-0.094
Cal 18	2.899	-0.064
Cal 19	2.804	-0.034

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%

