

Early Morning Update:

The Aug17 natural gas contract is trading up \$0.04 at \$2.93. The Aug17 crude contract is down \$0.72 at \$44.80.

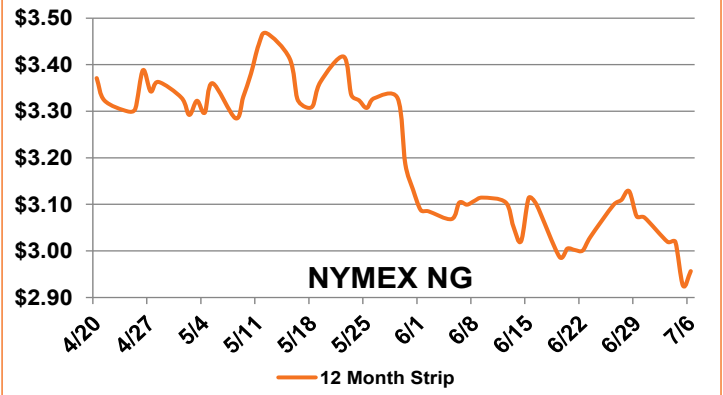
Summary: The NYMEX prompt NG contract opened the day yesterday up about \$.04, and that's where it finished in a rather uneventful day of trading. Several factors led to the quiet day: the EIA report is delayed until today, trading activity is fairly light this week due to the holiday and vacations and there has been no change in the past few days to weather forecasts. Estimates for the storage report are calling for an injection of 65-66 Bcf, with the low end in the upper 50's and the high end in the low 70's. Weather forecasts through the end of July continue to call for much above average temperatures in the western half of the country and normal conditions in the eastern half. The normal temperatures have pressured the markets lower due to the fact that most of the demand is located in the eastern US. There does seem to be price resistance for the prompt month around 2.85-2.90 and prices have yet to sustain trading below that level. Longer term gas strips (2019-2021) are all their lows for the year.

Bullish Factors

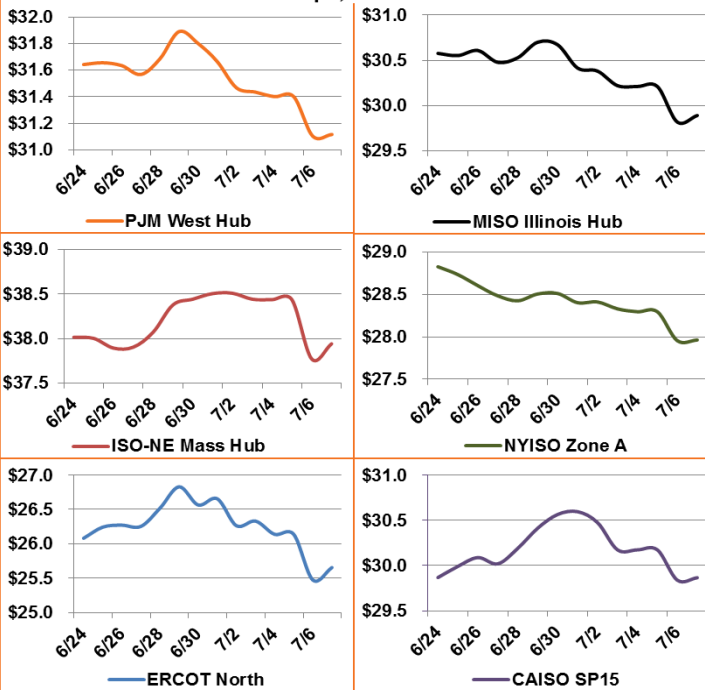
- Slow-growing production
- Exports to Mexico at record high
- Growing LNG exports

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 7/7/2017)

ISO-NE Mass Hub \$27.16	MISO Indiana Hub \$34.00	NYISO Zone G \$30.97
PJM West Hub \$31.95	ERCOT North \$37.00	CAISO SP15 \$52.96
NYMEX NG	Close	Change
Aug-17	2.888	0.048
Sep-17	2.881	0.044
12 Month	2.957	0.031
Cal 18	2.917	0.018
Cal 19	2.800	-0.005

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%

