

Early Morning Update:

The Aug18 natural gas contract is trading down \$0.01 at \$2.82. The Aug18 crude contract is up \$0.45 at \$74.30.

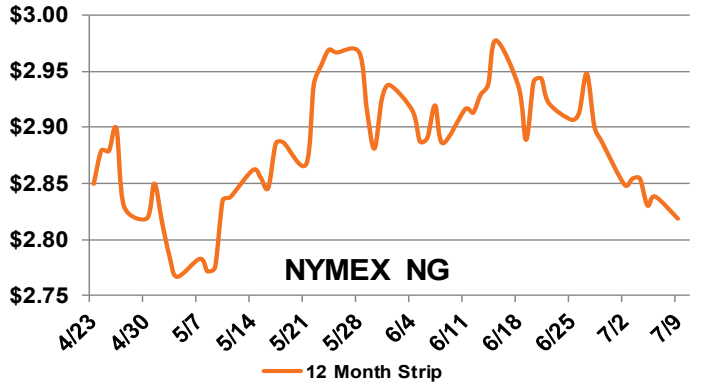
Summary: The natural gas market posted losses on Monday, riding on the heels of record high production and cooler weather on the horizon for the eastern half of the country. The August prompt month dropped three cents to \$2.828/MMBtu, the 12-month strip lost two cents to \$2.818, 2019 went down by a penny to \$2.77, and 2020 went down slightly, settling at \$2.672. 2021, 2022, and 2023 hit new all-time lows yesterday at \$2.613, \$2.632, and \$2.699, respectively, as well. Nationwide dry production continued in its recent robust manner on Monday, and ended up at 80.8 Bcf/d, down just slightly from the record-high 81.0 Bcf/d attained on Sunday. Strong supply values are expected to continue through the next two weeks, helping to combat record high power burn for the first part of July. Power burn is up nearly 10% vs. 2017, averaging 35.6 Bcf/d so far this month. After this upcoming weekend, we are seeing normal temperatures for the East Coast and Midwest, but the West continues with above-average heat likely through the end of the month.

Bullish Factors

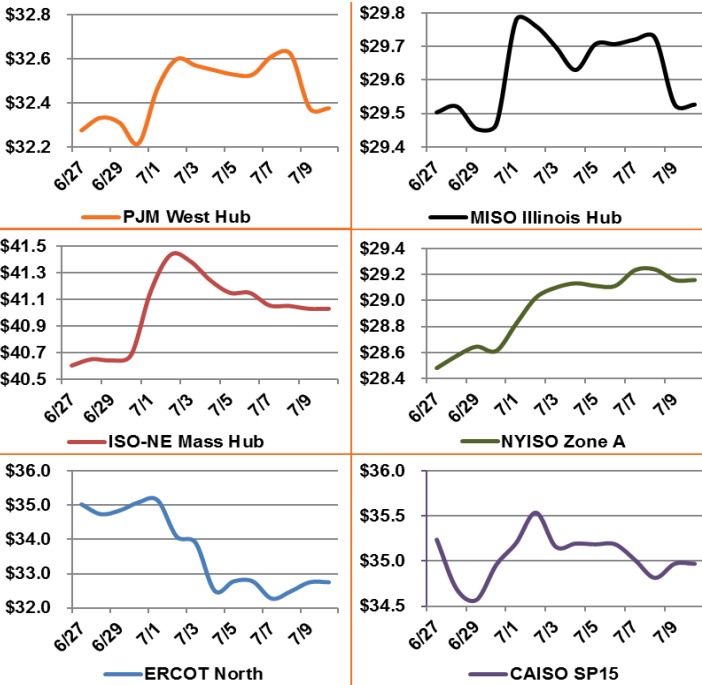
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 7/10/2018)

ISO-NE Mass Hub \$41.38	MISO Indiana Hub \$41.10	NYISO Zone G \$40.00
PJM West Hub \$41.03	ERCOT North \$37.93	CAISO SP15 \$57.14
NYMEX NG	Close	Change
Aug-18	2.828	-0.030
Sep-18	2.796	-0.030
12 Month	2.819	-0.020
Cal 19	2.770	-0.012
Cal 20	2.672	-0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,152	2,074	2,869	2,645
Diff v. Current		78	-717	-493
% Diff			-25.0%	-18.6%

