

**Early Morning Update:**

The Aug18 natural gas contract is trading up \$0.02 at \$2.81. The Aug18 crude contract is down \$0.81 at \$73.30.

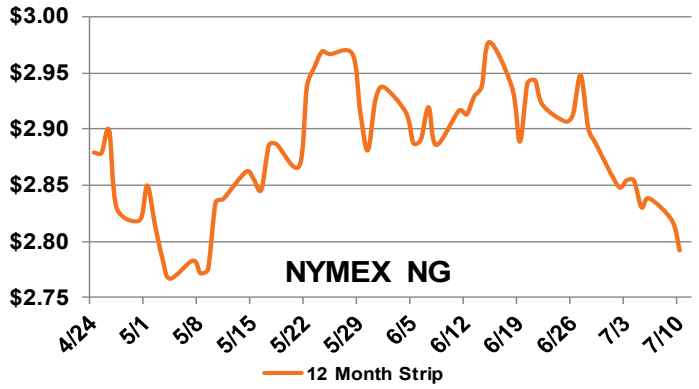
**Summary:** After trading in a range of \$2.78 to \$2.835/MMBtu, the August 2018 natural gas contract continued its decent yesterday, losing another four cents and settling at \$2.788/MMBtu. With revisions to weather outlooks by the National Weather Service indicating slightly more bearish conditions in the 6-10 and 8-14 day outlooks, weather continues to be a primary driver of near-term natural gas movements. U.S. dry natural gas production has slipped recently from the 81 Bcf/d high, set on July 8. However, the U.S. Energy Information Administration raised their natural gas production estimates for the remainder of this year. In the EIA's latest "Short-Term Energy Outlook" published yesterday, 2018 production is estimated to average 81.3 Bcf/d, and 2019, 84.5 Bcf/d. Calendar strip natural gas prices also traded lower yesterday, with 2021-2023 setting, once again, fresh all-time lows. Calendars 2019-2024 are all under \$2.80, ranging from \$2.77-\$2.60.

**Bullish Factors**

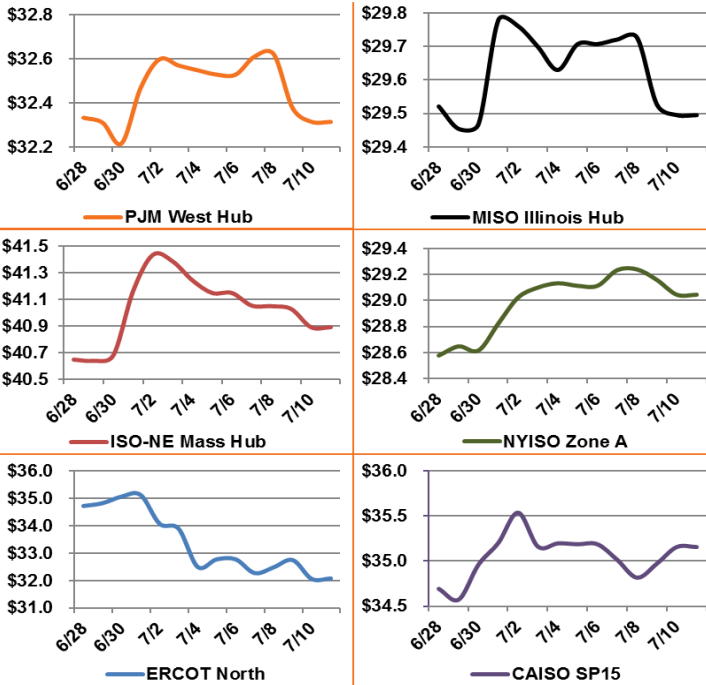
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

**Bearish Factors**

- Strong NG production
- Growing renewable energy generation
- 



**12 Month Strips, ATC Power Prices**



**Next Day On-Peak Power (traded for 7/11/2018)**

<b>ISO-NE Mass Hub</b> \$33.98	<b>MISO Indiana Hub</b> \$37.81	<b>NYISO Zone G</b> \$34.82
<b>PJM West Hub</b> \$38.06	<b>ERCOT North</b> \$34.74	<b>CAISO SP15</b> \$54.15
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Aug-18	2.788	-0.040
Sep-18	2.758	-0.038
12 Month	2.792	-0.027
Cal 19	2.752	-0.018
Cal 20	2.665	-0.007

**EIA Natural Gas Storage**

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

