

Early Morning Update:

The Aug17 natural gas contract is trading down \$0.05 at \$3.00.
The Aug17 crude contract is up \$0.86 at \$45.90.

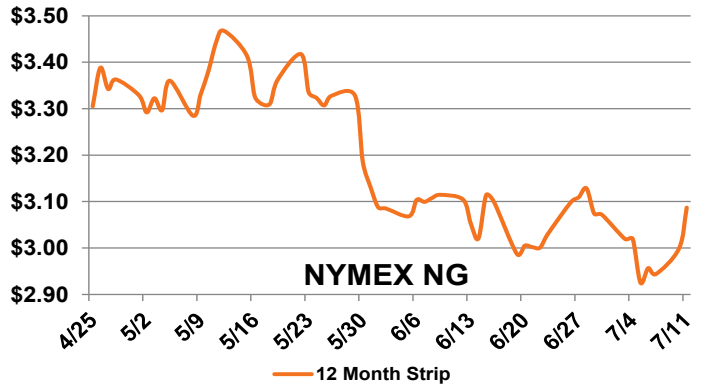
Summary: Despite the National Weather Service's slightly bearish revisions to forecasts yesterday, the NYMEX Aug17 contract gained 11.8 cents (4.03%) to finish at \$3.047/MMBtu. Regardless of the revisions to the forecast, strong warmth is anticipated this week for many of the country's large demand centers along the East Coast. Tomorrow is the hottest day in the near-term forecast for the eastern U.S., with temperatures in New York City, Philadelphia, and Washington, D.C. expected to hit 93, 98, and 100 degrees, respectively. Moreover, U.S. dry natural gas production levels have fallen from their recent high points hit over the holiday; production has not been above 72 Bcf/d since July 5. The drop in production, coupled with the heat wave, has caused some concerns for natural gas storage levels heading into next winter. Even though there are only about 3.5 months left in the injection season, there is a wide disparity in the market for end-of-season storage estimates, ranging from 3.65-3.94 Tcf. The EIA's predictions are on the high end of the range, estimating that storage levels will be 3.94 Tcf at the end of October 2017, which would be 2% higher than the five-year average and 2% lower than last 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



Next Day On-Peak Power (traded for 7/12/2017)

ISO-NE Mass Hub \$43.05	MISO Indiana Hub \$42.14	NYISO Zone G \$39.39
PJM West Hub \$42.69	ERCOT North \$29.56	CAISO SP15 \$38.79
NYMEX NG	Close	Change
Aug-17	3.047	0.118
Sep-17	3.038	0.114
12 Month	3.087	0.088
Cal 18	3.012	0.061
Cal 19	2.819	0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,888	2,816	3,173	2,701
Diff v. Current		72	-285	187
% Diff			-9.0%	6.9%

