

Early Morning Update:

The Aug18 natural gas contract is trading flat to Friday's close at \$2.75. The Aug18 crude contract is down \$1.51 at \$69.50.

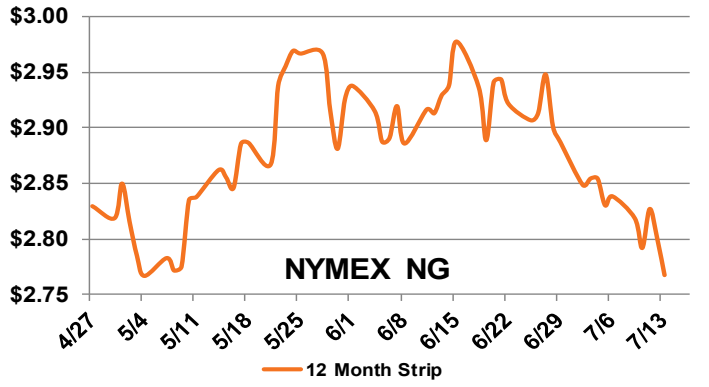
Summary: On Friday, the August 2018 NYMEX natural gas futures price depressed by 4.5 cents on the day to settle at \$2.752/MMBtu. Once again, the 2021-2024 calendar strips reached fresh all-time lows on Friday, as well. Over the next couple of weeks, the eastern half of the country is expected to see some relief from the above-normal temperatures that had dominated the beginning of this summer. Blistering temperatures are now predicted to be contained to the West and Southwest regions of the country. With the expected moderating temperatures for the major U.S. natural gas demand centers, power burn demand levels should also ease from their recent record-high levels. Power generation demand and natural gas production remain limiting factors in prompt month pricing. After reaching a new record of 81.0 Bcf/d for total U.S. dry production last week, production levels have tapered off, but remain healthy, and are edging back up to record levels. So far this month, dry production has averaged 80.6 Bcf/d, up 8.3 Bcf/d over last year at this time.

Bullish Factors

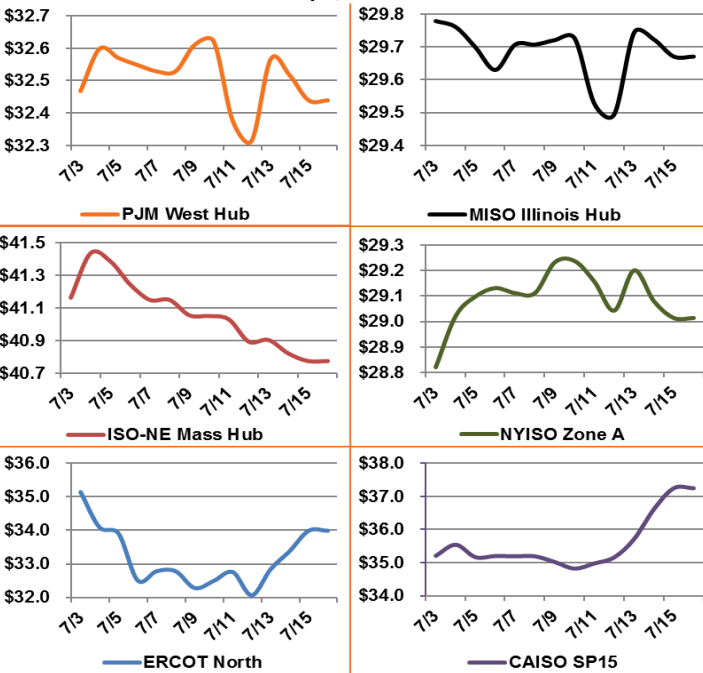
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 7/16/2018)

ISO-NE Mass Hub \$43.81	MISO Indiana Hub \$42.52	NYISO Zone G \$51.25
PJM West Hub \$50.20	ERCOT North \$52.93	CAISO SP15 \$55.14
NYMEX NG	Close	Change
Aug-18	2.752	-0.045
Sep-18	2.724	-0.042
12 Month	2.768	-0.033
Cal 19	2.731	-0.026
Cal 20	2.657	-0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,203	2,152	2,928	2,722
Diff v. Current		51	-725	-519
% Diff			-24.8%	-19.1%

