

**Early Morning Update:**

The Aug17 natural gas contract is trading up \$0.06 at \$3.04. The Aug17 crude contract is down \$0.09 at \$46.45.

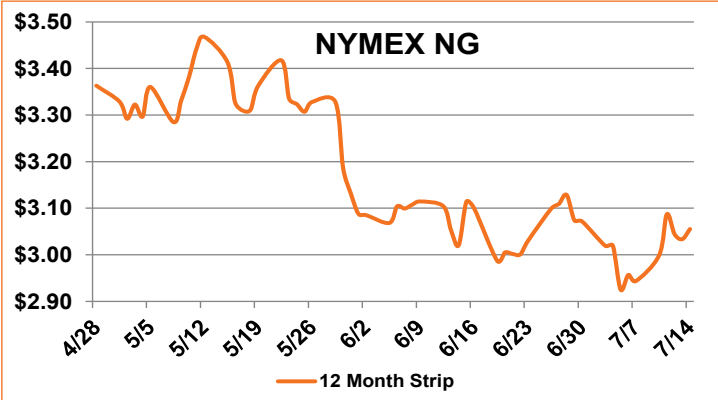
**Summary:** The NYMEX natural gas futures price for August ended the trading session on Friday up 1.9 cents at \$2.98/MMBtu, just shy of the \$3/MMBtu resistance trading level. This price increase trailed after the market saw prices fall the previous two weeks, and ended the week up around ten cents, which was the leading weekly gain seen since May 12. The main driver for the price increase realized last week was the change in weather forecasts calling for above-normal temperatures for most of the country. Another bullish fundamental pushing prices higher last week was the lower-than-expected injection into storage reported by the EIA last Thursday. This caused the expected end-of-season storage number to drop back down to around 3.8 Tcf, retreating further from last year's high of just over 4.0 Tcf. Production has remained steady, just slightly above 72 Bcf/d, adding some bearish pressure to hold prices lower. The Baker Hughes Inc. rig count presented on Friday, despite showing a loss of two operating gas rigs last week, has shown a continued upward trend in natural gas rigs over the past several weeks. CFTC data showed that money managers reduced their overall net bullish position by 4,859 contracts from last week to 87,724.

**Bullish Factors**

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

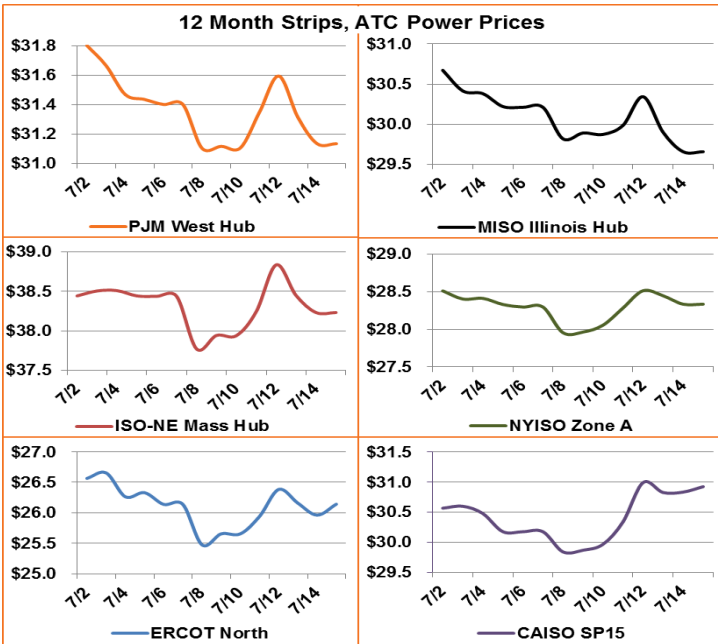
**Bearish Factors**

- Power burn down year-over-year
- Increased renewable energy generation
- Producer hedging



**Next Day On-Peak Power (traded for 7/17/2017)**

|                                   |  |   |
|-----------------------------------|--|---|
| <b>ISO-NE Mass Hub</b><br>\$37.00 | <b>MISO Indiana Hub</b><br>\$32.50     | <b>NYISO Zone G</b><br>\$29.54 07/15/17 |
| <b>PJM West Hub</b><br>\$32.13    | <b>ERCOT North</b><br>\$35.55 07/15/17 | <b>CAISO SP15</b><br>\$43.00            |
| <b>NYMEX NG</b>                   | <b>Close</b>                           | <b>Change</b>                           |
| <b>Aug-17</b>                     | 2.980                                  | 0.019                                   |
| <b>Sep-17</b>                     | 2.971                                  | 0.023                                   |
| <b>12 Month</b>                   | 3.055                                  | 0.022                                   |
| <b>Cal 18</b>                     | 3.006                                  | 0.016                                   |
| <b>Cal 19</b>                     | 2.836                                  | 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>                      | 2,945            | 2,888            | 3,234            | 2,773              |
| <b>Diff v. Current</b>            |                  | 57               | -289             | 172                |
| <b>% Diff</b>                     |                  |                  | -8.9%            | 6.2%               |

