

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.01 at \$2.77. The Aug18 crude contract is down \$0.51 at \$67.55.

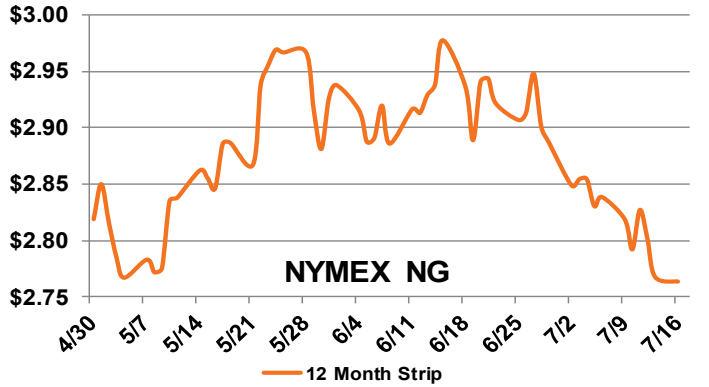
Summary: Near-term gas edged up slightly on Monday, reacting to both demand-side records and an expected increase in supply. The August prompt month rose less than a cent to \$2.759/MMBtu, the 12-month strip lost less than a cent to \$2.763, and 2019 and 2020 both went down by about a cent to \$2.722 and \$2.646, respectively. Power burns hit a 2018 high on Monday, at 40.4 Bcf/d. These levels are expected to subside by about 10% over the next two weeks, as temperatures across the Midwest and most of the East Coast look to moderate. The West Coast and Texas will be helping to keep power burns at their elevated year-over-year level. On the supply side, after over a month under force majeure, Columbia Gas Transmission brought its Leach Xpress back online this week, increasing volumes available to be sent to the Gulf Coast. It is expected that available capacity will increase by about 0.5 Bcf/d.

Bullish Factors

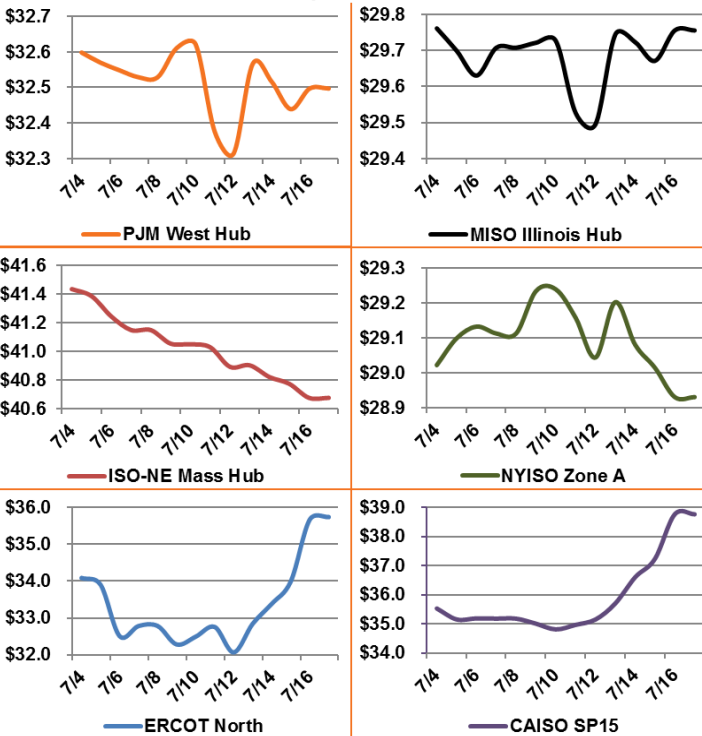
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Strong NG production
- Growing renewable energy generation
-



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 7/17/2018)

ISO-NE Mass Hub \$41.96	MISO Indiana Hub \$35.53	NYISO Zone G \$45.69
PJM West Hub \$40.91	ERCOT North \$167.49	CAISO SP15 \$81.02
NYMEX NG	Close	Change
Aug-18	2.759	0.007
Sep-18	2.730	0.006
12 Month	2.763	-0.004
Cal 19	2.722	-0.009
Cal 20	2.646	-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%

