

**Early Morning Update:**

The Aug17 natural gas contract is trading up \$0.07 at \$3.09. The Aug17 crude contract is up \$0.78 at \$46.80.

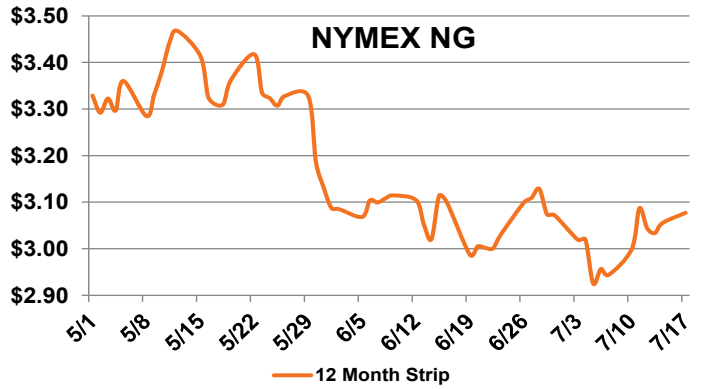
**Summary:** Higher demand due to warmer weather continues to bolster natural gas prices, as the August prompt month rose four cents on Monday to \$3.020/MMBtu, a one-week high. Hotter-than-average temperatures are projected to reign across the upper Mid-Atlantic, Northeast, and Midwest through the end of this week, and the balminess will continue and expand in the remaining two weeks of the month. These temperatures will likely stoke power burns for the rest of the month, but it is not expected to breach the 2017 high level set last week. Overall demand had increased by nearly 5.0 Bcf/d since the previous storage reporting period, and production dipped slightly over the weekend to 72 Bcf/d. Storage injections based on these dynamics look to be meek through the first week in August, but a more prolonged hot spell through at least the middle of the month is needed to provide more sustained price support.

**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 7/18/2017)**

<b>ISO-NE Mass Hub</b> \$38.68	<b>MISO Indiana Hub</b> \$36.31	<b>NYISO Zone G</b> \$39.50
<b>PJM West Hub</b> \$36.10	<b>ERCOT North</b> \$36.00	<b>CAISO SP15</b> \$38.95
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
<b>Aug-17</b>	3.020	0.040
<b>Sep-17</b>	3.007	0.036
<b>12 Month</b>	3.077	0.022
<b>Cal 18</b>	3.015	0.008
<b>Cal 19</b>	2.840	0.004

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<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%

