

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.01 at \$2.75. The Aug18 crude contract is down \$0.43 at \$67.65.

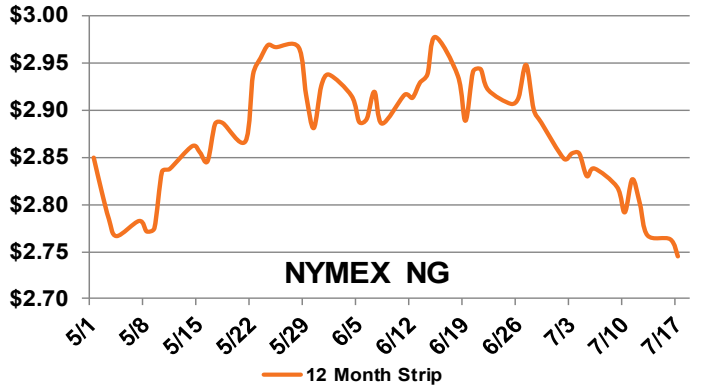
Summary: After posting a modest gain of less than a penny to start the week, the NYMEX NG prompt month fell 1.9 cents yesterday to settle at \$2.740/MMBtu. The National Weather Service made slight revisions to their 6-10 and 8-14 day outlooks yesterday, predicting a greater probability for below-average temperatures for the North Central U.S., indicating weather continues to be a primary driver of near-term natural gas movements. Also yesterday, the Commerce Department's Bureau of Industry and Security denied Plains All American's Cactus II request for exemption from the 25% steel tariff imposed by the Trump administration in January of this year. Cactus II, a \$1.1 billion project, is a major crude oil pipeline expected to come online in H2 of 2019. According to Plains, the project will move forward despite the denial. This decision could set precedence and have a significant impact on the pipeline industry, as there are still many pipeline projects in the works. Despite this news, calendar strips 2019-2024 continued their decent yesterday, with 2020-2024 setting new all-time lows for the third consecutive trading day; 2021 and 2022 are both under \$2.60/MMBtu!

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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Next Day On-Peak Power (traded for 7/18/2018)

ISO-NE Mass Hub \$35.18	MISO Indiana Hub \$33.55	NYISO Zone G \$34.50
PJM West Hub \$33.62	ERCOT North \$351.09	CAISO SP15 \$94.66
NYMEX NG	Close	Change
Aug-18	2.740	-0.019
Sep-18	2.707	-0.023
12 Month	2.745	-0.018
Cal 19	2.709	-0.013
Cal 20	2.637	-0.009

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%

