

Early Morning Update:

The Aug18 natural gas contract is trading down \$0.01 at \$2.71. The Aug18 crude contract is up \$0.09 at \$68.85.

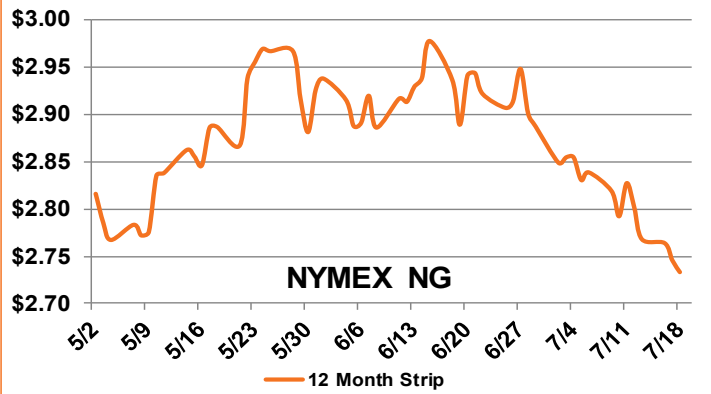
Summary: August natural gas futures across the board continued their slide yesterday, with the prompt month losing another 1.9 cents, settling at \$2.721/MMBtu, and the 2020-2024 calendar strips, once again, all falling to fresh all-time lows. National demand for natural gas is down almost 3.0 Bcf/d since Monday at 71.5 Bcf/d, with power burn responsible for the entire drop. Electric generation demand for gas has been easing, as cooler temperatures have been slowly spreading across most of the country east of the Rockies. The West and Southwest are expected to continue to broil for the next 6-10 days, according to the National Weather Service, although there is some relief for these regions in the 8-14 day outlook. Market analysts are anticipating a 59 Bcf increase in storage inventories during the week to July 13 to be reported by the U.S. Energy Information Administration this morning. This would be far more than the 31 Bcf build seen last year for the same week, but pretty much in line with the 62 Bcf five-year average.

Bullish Factors

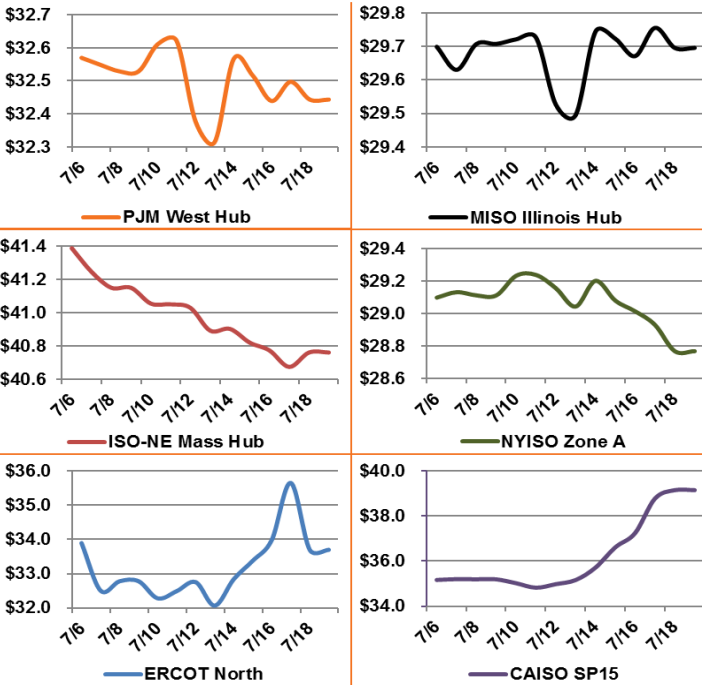
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 7/19/2018)

ISO-NE Mass Hub \$32.58	MISO Indiana Hub \$34.00	NYISO Zone G \$35.18
PJM West Hub \$37.17	ERCOT North \$300.00	CAISO SP15 \$90.57
NYMEX NG	Close	Change
Aug-18	2.721	-0.019
Sep-18	2.689	-0.018
12 Month	2.733	-0.013
Cal 19	2.699	-0.010
Cal 20	2.625	-0.012

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%

