

**Early Morning Update:**

The Aug17 natural gas contract is trading up \$0.01 at \$3.07. The Aug17 crude contract is up \$0.24 at \$47.36.

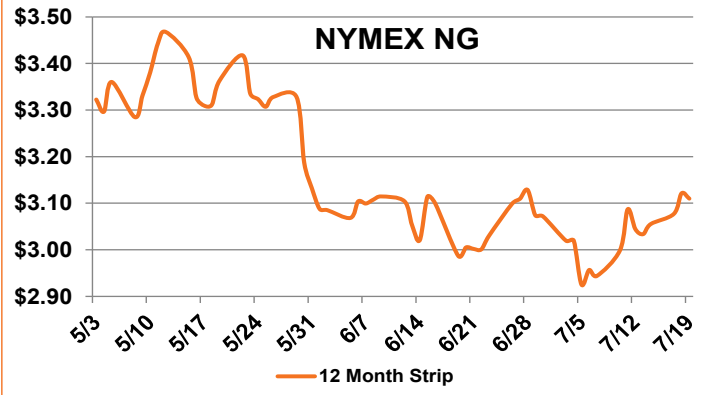
**Summary:** The Aug17 natural gas contract has gained ~\$0.21 from the recent low set on July 5th. Yesterday, the prompt month finished the day down 2.2 cents to close at \$3.066/MMBtu. Power burns have been strong this month, as above-average temperatures have lingered across much of the U.S. Relatively high humidity and warm conditions have expanded recently into the eastern portions of the country and further south, leading to peak demand notifications being sent out in many of the deregulated markets. High demand levels at the ISOs require more natural gas burn as generators aim to meet demand. Power burns may continue to grow in the coming years, as the shift continues from legacy coal and nuclear resources to cleaner natural gas and renewables assets. The 6-10 day and 8-14 day forecasts published by the National Weather Service show above-normal temperatures sticking around through the balance of the month. The market is expecting a 32 Bcf injection when the Energy Information Administration releases their weekly storage report later this morning, which is lower than last year's posting of 38 Bcf and the 5-year average of 59 Bcf. End-of-season storage estimates have been falling and are currently 3.79Tcf.

**Bullish Factors**

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

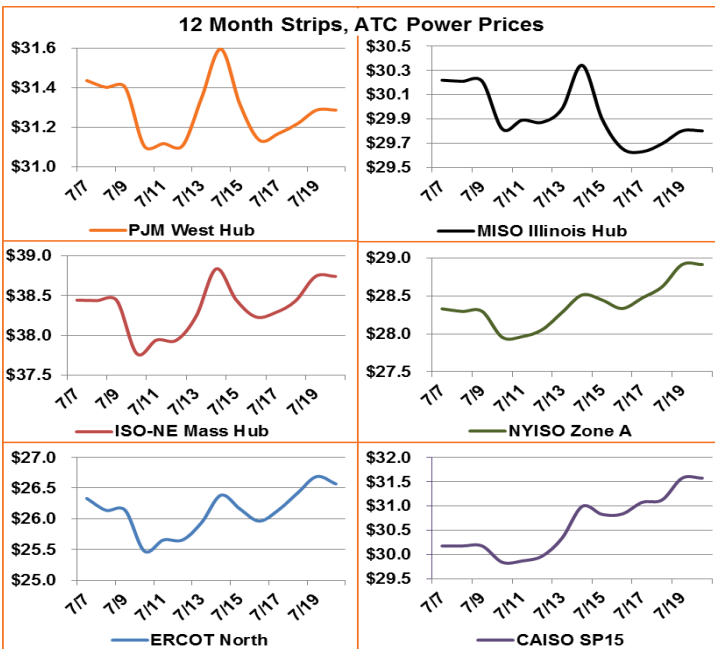
**Bearish Factors**

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



**Next Day On-Peak Power (traded for 7/20/2017)**

<b>ISO-NE Mass Hub</b> \$57.90	<b>MISO Indiana Hub</b> \$51.64	<b>NYISO Zone G</b> \$55.00
<b>PJM West Hub</b> \$51.58	<b>ERCOT North</b> \$40.50	<b>CAISO SP15</b> \$38.22
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
<b>Aug-17</b>	3.066	-0.022
<b>Sep-17</b>	3.055	-0.018
<b>12 Month</b>	3.110	-0.011
<b>Cal 18</b>	3.035	-0.006
<b>Cal 19</b>	2.841	-0.010



**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%

