

**Early Morning Update:**

The Aug18 natural gas contract is trading up \$0.01 at \$2.78. The Aug18 crude contract is up \$0.50 at \$69.96.

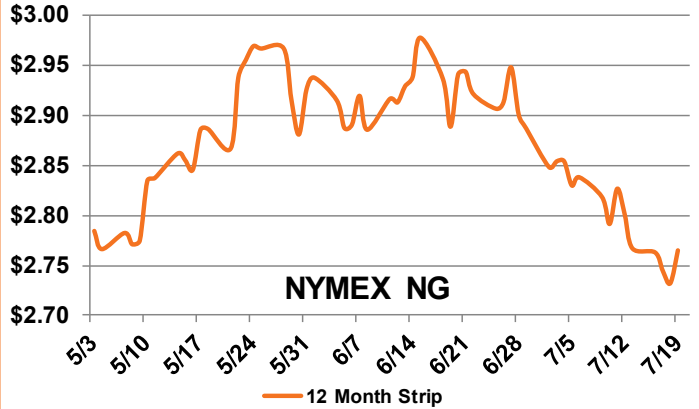
**Summary:** The EIA reported a rather disappointing build into storage of 46 Bcf yesterday. That was roughly 10 Bcf lower than expectations and the market 'rallied' in response, finishing up \$.046 to close at \$2.769. The long slow slide in long-term NG prices again continued yesterday with Cal '20 falling 1 tick and Cal '21 falling \$.005. On the power side, the west markets continue the volatility with very high short-term prices and stronger long-term prices. Significant heat has been causing record breaking demand in Texas and very high hourly and daily pricing as reserve margins are tested. Wind output remained relatively strong and that helped prices avoid scarcity. Looking ahead, weather forecasts show continued very hot temps along the west coast with a slight moderation in Texas. The east coast is forecast to see normal, to slightly above normal while the mid-con area is forecast to see relief and milder temps.

**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 7/20/2018)**

<b>ISO-NE Mass Hub</b> \$32.83	<b>MISO Indiana Hub</b> \$32.58	<b>NYISO Zone G</b> \$35.81
<b>PJM West Hub</b> \$34.84	<b>ERCOT North</b> \$176.00	<b>CAISO SP15</b> \$136.11
<b>NYMEX NG</b>		
<b>Aug-18</b>	<b>Close</b> 2.769	<b>Change</b> 0.048
<b>Sep-18</b>	<b>2.736</b>	<b>0.047</b>
<b>12 Month</b>	<b>2.766</b>	<b>0.033</b>
<b>Cal 19</b>	<b>2.719</b>	<b>0.020</b>
<b>Cal 20</b>	<b>2.616</b>	<b>-0.009</b>

**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>	<b>2,249</b>	<b>2,203</b>	<b>2,959</b>	<b>2,784</b>
<b>Diff v. Current</b>		<b>46</b>	<b>-710</b>	<b>-535</b>
<b>% Diff</b>			<b>-24.0%</b>	<b>-19.2%</b>

