

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.01 at \$2.73. The Sep18 crude contract is up \$0.26 at \$68.15.

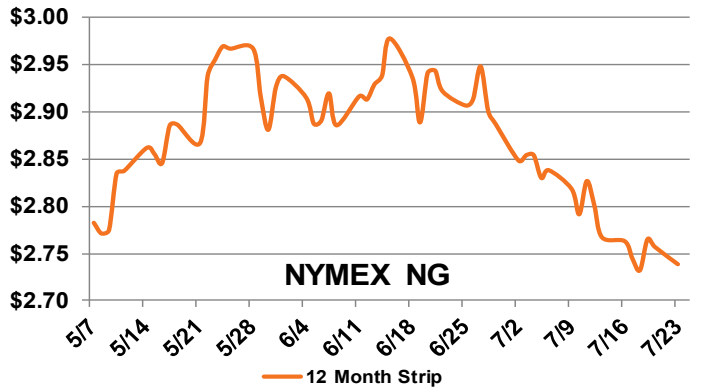
Summary: Near-term natural gas moved down on Monday, as weather forecasts settle into lower ranges for the eastern half of the country. The August prompt month lost 3.6 cents to \$2.721/MMBtu, the 12-month strip moved down nearly two cents to \$2.739, 2019 went down by less than a penny to \$2.703, and 2020 gained a cent to \$2.619. Temperatures have stabilized in the Midwest and for most of the East Coast at slightly cooler than normal, which has helped to moderate the power burn demand from Texas and California. Both of those states are experiencing extremely hot temperatures, with Texas hitting new high demand records within the last week, and SoCal gas hitting new records for next day gas at over \$39/Dth. Production has returned to record levels, hitting an all-time high of 81.1 Bcf/d yesterday, helping to offset some of this recent weather-based demand. Bakken production is expected to continue growing in both oil and natural gas as 2018 moves on, with more processing capacity expected to come online later in the year.

Bullish Factors

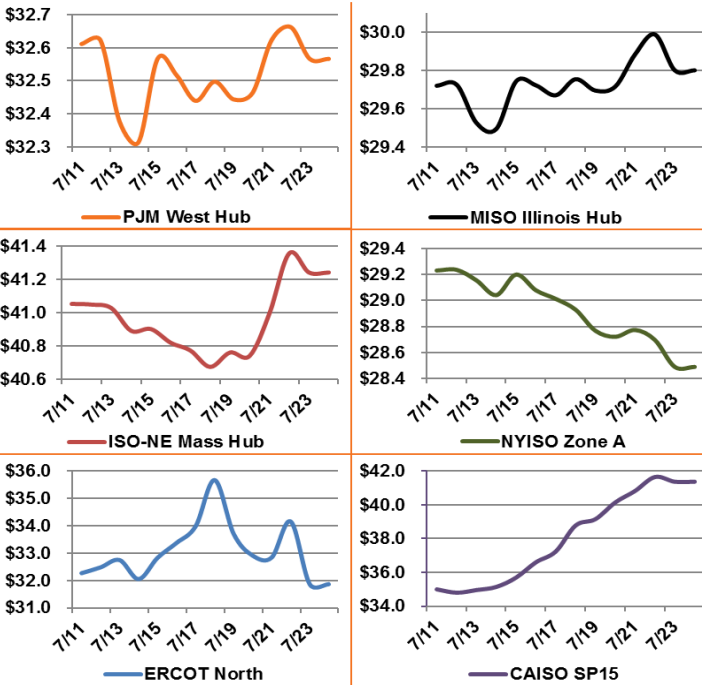
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 7/24/2018)

ISO-NE Mass Hub \$40.38	MISO Indiana Hub \$36.99	NYISO Zone G \$41.14
PJM West Hub \$36.45	ERCOT North \$121.00	CAISO SP15 \$312.57
NYMEX NG	Close	Change
Aug-18	2.721	-0.036
Sep-18	2.695	-0.033
12 Month	2.739	-0.018
Cal 19	2.703	-0.005
Cal 20	2.620	0.012

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,249	2,203	2,959	2,784
Diff v. Current		46	-710	-535
% Diff			-24.0%	-19.2%

