

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.01 at \$2.78. The Sep18 crude contract is down \$0.25 at \$69.05.

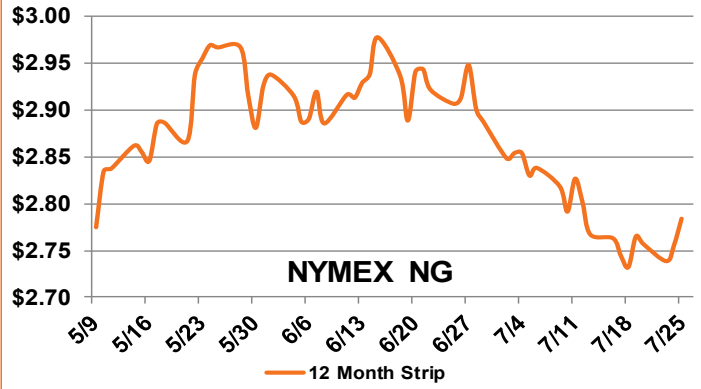
Summary: The market added more than four cents to the prompt month in trading on Wednesday, finishing the day at the lower end of the recent price range at \$2.775. Weather forecasts for the next several weeks are showing much-above-normal conditions continuing to bake the West Coast and occasionally push south and east into Texas, with the rest of the country near or slightly below normal. We may start to see conditions warm as we head into the second week of August across the New England region, but, otherwise, pleasant conditions abound for the central and eastern U.S. Despite the current storage deficit, which stands at nearly 20% compared to the 5-year average, winter prices have been soft recently, with the Nov'18-Mar'19 strip trading under \$3 at \$2.906. This upcoming winter strip has only traded lower back in late February of 2016 when storage levels were much higher than they are today. The market is projecting a 32 Bcf injection when the EIA releases their weekly storage report later this morning. The estimates are roughly 24 Bcf below the 5-year average injection for this week, which would widen the deficit versus the 5-year average.

Bullish Factors

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

Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



Next Day On-Peak Power (traded for 7/26/2018)

ISO-NE Mass Hub \$38.05	MISO Indiana Hub \$35.34	NYISO Zone G \$40.08
PJM West Hub \$40.96	ERCOT North \$128.00	CAISO SP15 \$224.38
NYMEX NG	Close	Change
Aug-18	2.775	0.043
Sep-18	2.755	0.036
12 Month	2.784	0.028
Cal 19	2.734	0.020
Cal 20	2.621	0.003

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%

