

Early Morning Update:

The Aug17 natural gas contract is trading flat at \$2.92. The Sep17 crude contract is down \$0.30 at \$48.45.

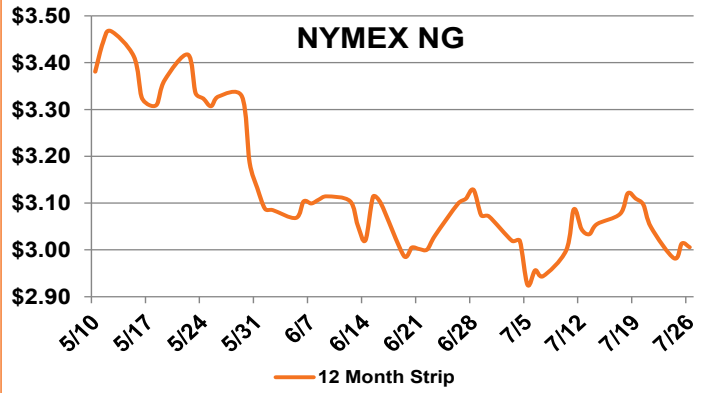
Summary: Natural gas prices drifted lower in trading on Wednesday, with the Aug17 contract losing two cents to close at \$2.924/MMBtu. Sep17 will roll to prompt month after today's close, with the Aug17 contract expiring at the end of the day. Warm and humid conditions during the first half of July helped to fuel strong natural gas demand for power burns, but that may now be behind us. Recently, weather forecasts have reversed, now showing cooler-than-normal weather to start the month of August. Both the 6-10 and the 8-14 day forecasts published by the National Weather Service show below-normal weather across the central portion of the U.S. The milder conditions are expected to reduce the demand for natural gas in the coming weeks. The market is anticipating a 23 Bcf growth in storage inventories in the week to July 21 when the U.S. Energy Information Administration releases their weekly storage report later this morning. This would be in line with last year's build of 20 Bcf, but well below the 5-year average injection of 47 Bcf.

Bullish Factors

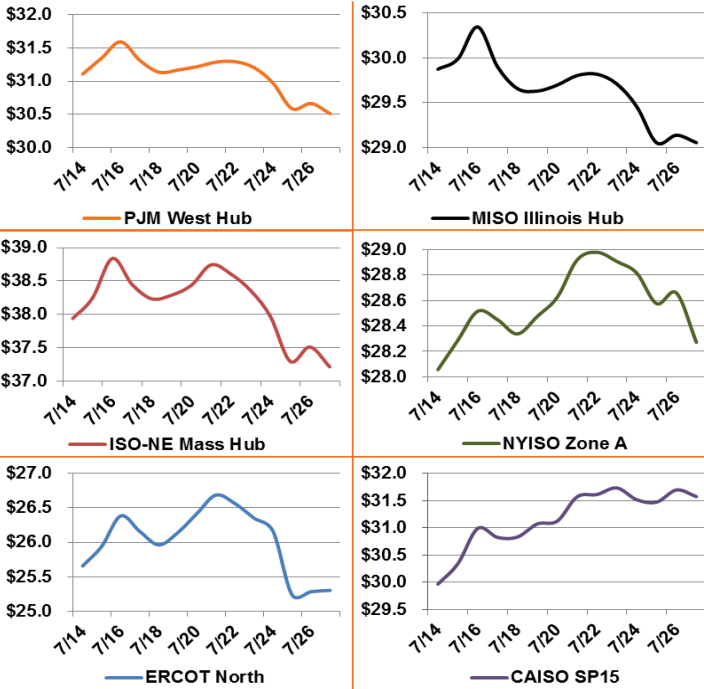
- Slow-growing production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 7/27/2017)

ISO-NE Mass Hub \$26.19	MISO Indiana Hub \$32.66	NYISO Zone G \$29.74
PJM West Hub \$31.48	ERCOT North \$39.50	CAISO SP15 \$42.00
NYMEX NG	Close	Change
Aug-17	2.924	-0.020
Sep-17	2.914	-0.017
12 Month	3.006	-0.008
Cal 18	2.963	-0.005
Cal 19	2.803	0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,973	2,945	3,272	2,832
Diff v. Current		28	-299	141
% Diff			-9.1%	5.0%

