

Early Morning Update:

The Aug18 natural gas contract is trading up \$0.02 at \$2.80. The Sep18 crude contract is down \$0.10 at \$69.51.

Summary: After another disappointing storage report, the market initially rallied but then slipped in the afternoon to close nearly flat on the day.

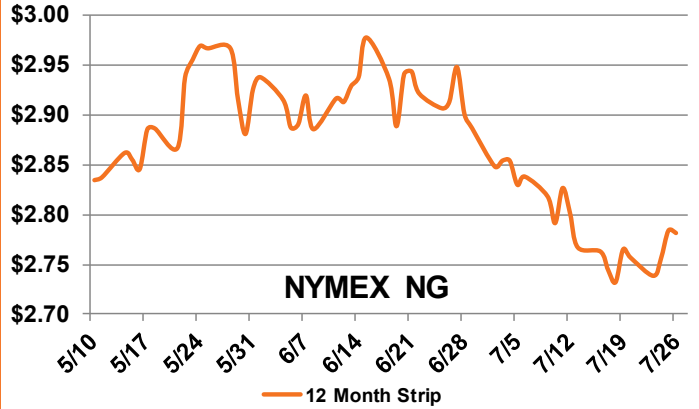
Weather forecasts continue to show pockets of very warm temperatures although Texas and the northeast have moderated a bit which indicates lower power burns. In fact, power burn demand has dropped 1.5 Bcf over the last day with the moderating temps. On the supply side, production has slipped a bit from the record levels. But the overall effect has led to low injections over the past two weeks, both below expectations. This had led the end/summer storage estimate to continue to fall, now at 3.47 Tcf. If that holds, we'll enter withdrawal season with ~300 Bcf less gas than last year and ~400 Bcf less than the 5-year average

Bullish Factors

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

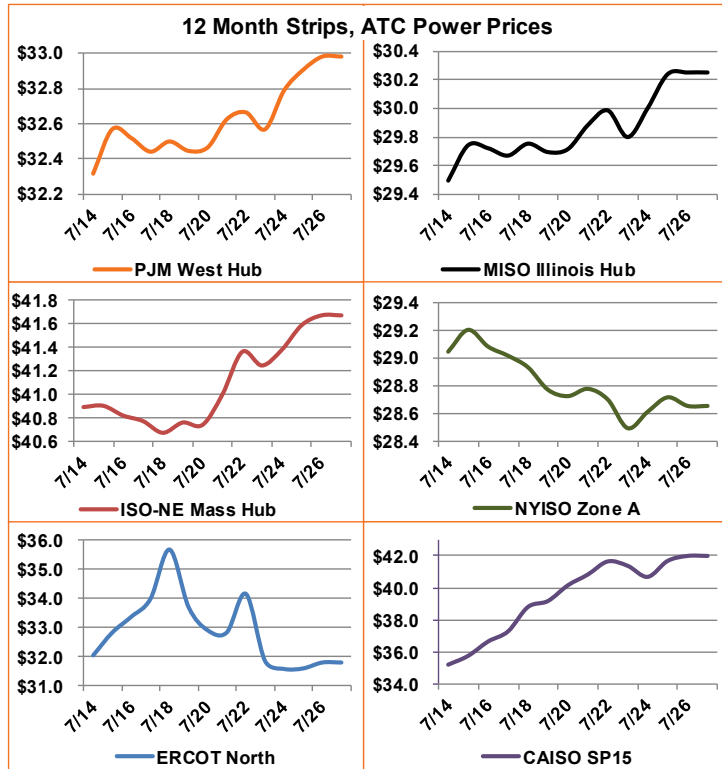
Bearish Factors

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



Next Day On-Peak Power (traded for 7/27/2018)

ISO-NE Mass Hub \$39.49	MISO Indiana Hub \$32.01	NYISO Zone G \$41.44
PJM West Hub \$37.32	ERCOT North \$58.62	CAISO SP15 \$107.43
NYMEX NG		Change
Aug-18	2.780	0.005
Sep-18	2.762	0.007
12 Month	2.782	-0.002
Cal 19	2.722	-0.012
Cal 20	2.607	-0.014



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,273	2,249	2,978	2,830
Diff v. Current		24	-705	-557
% Diff			-23.7%	-19.7%

