

Early Morning Update:

The Sep17 natural gas contract is up \$.01 at \$2.97. The Sep17 crude contract is down \$0.17 at \$49.21.

Summary: NG prices saw a move higher yesterday as the EIA reported a disappointing build of 17 Bcf into storage. Expectations had been in the mid 20's, but it appears as though demand outpaced forecasts due to the very high temperatures across the US last week. Demand from power burns is highly weather sensitive and high heat can cause very high demand. NG storage levels have been increasing at a slow pace compared to the 5-year average and we could slip below the 5-year average for total storage in the next few weeks if we continue this current slow pace of injections.

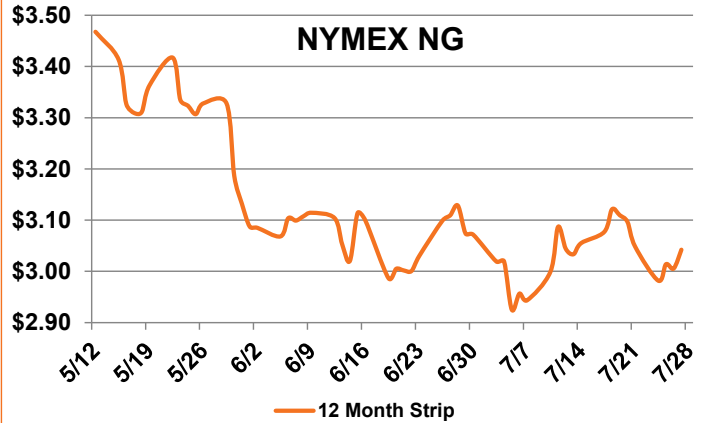
The flip side is that weather forecasts have cooled off for most of the east coast for the next week and we could see lower power burn levels coming up. We'll have to see August temperatures before we get a definitive answer on end-of-season storage. The August NYMEX contract expired yesterday. September is now prompt month.

Bullish Factors

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

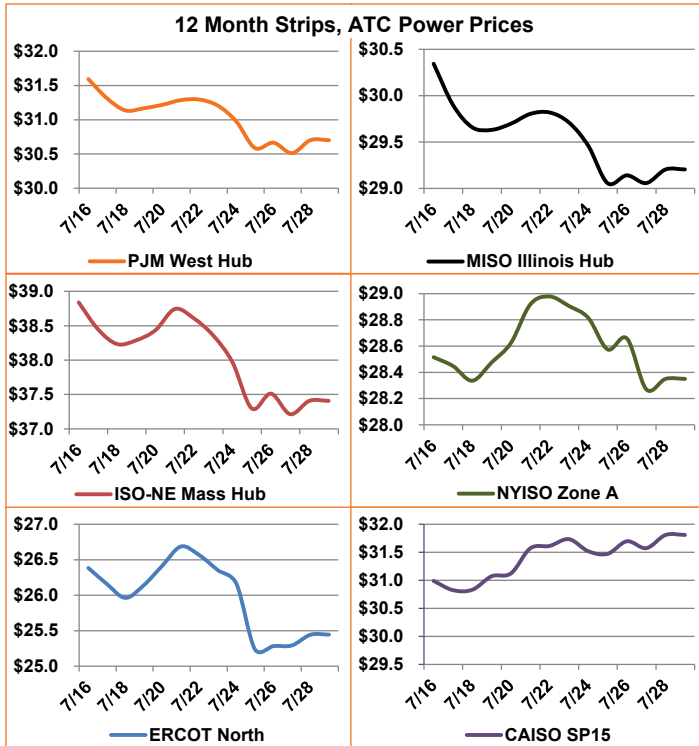
Bearish Factors

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



Next Day On-Peak Power (traded for 7/28/2017)

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		
Aug-17	Close 2.969	Change 0.045
Sep-17	2.967	0.053
12 Month	3.042	0.037
Cal 18	2.984	0.022
Cal 19	2.804	0.002



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,990	2,973	3,292	2,879
Diff v. Current		17	-302	111
% Diff			-9.2%	3.9%

