

Early Morning Update:

The Sep18 natural gas contract is trading flat to Friday's close at \$2.78. The Sep18 crude contract is up \$1.61 at \$70.30.

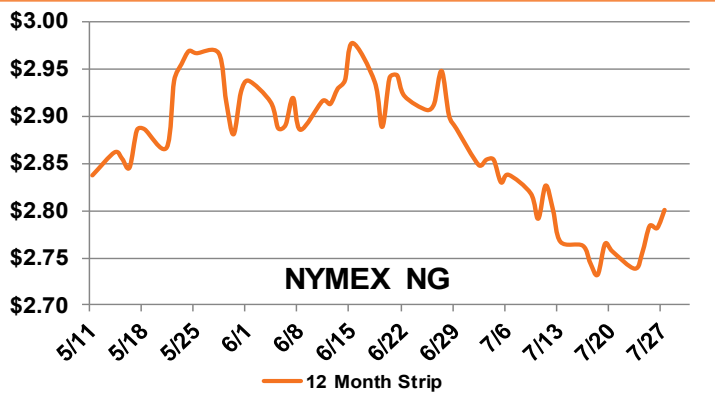
Summary: On Friday, the August 2018 NYMEX natural gas futures price surged higher on its final day of trading by 4.2 cents, eventually settling at \$2.822/MMBtu. After trading between \$2.769 and \$2.831 throughout the day, the August contract ultimately felt the upward pressure from the previous day's lower-than-expected injection into storage, and continued the historical trend of moving up on its last day of trading. As the storage deficit to historical benchmarks continues to remain wide, there has been some relief recently in natural gas demand for power generation. Overall U.S. power burn levels have fallen about 2.7 Bcf/d over this past weekend. U.S. dry production remains at healthy levels, falling slightly recently, but averaging over 80 Bcf/d. The 1-5 day weather forecast shows some relief from the warmth in the Mid-con region. However, looking further out over the next couple of weeks into August, sweltering heat returns to the Northeast, a major demand center for natural gas. With the return of warmth to the U.S. during August, there is some concern in the market for end-of-season storage levels heading into this upcoming winter.

Bullish Factors

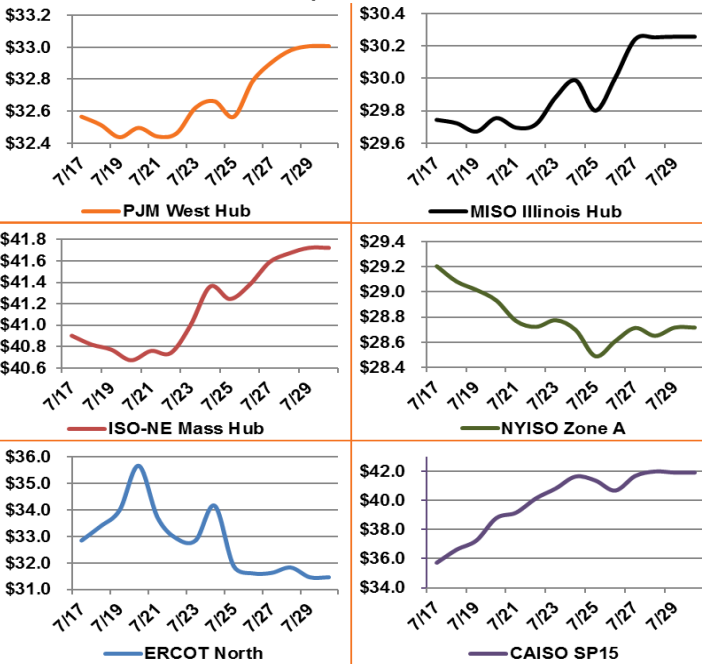
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

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



12 Month Strips, ATC Power Prices

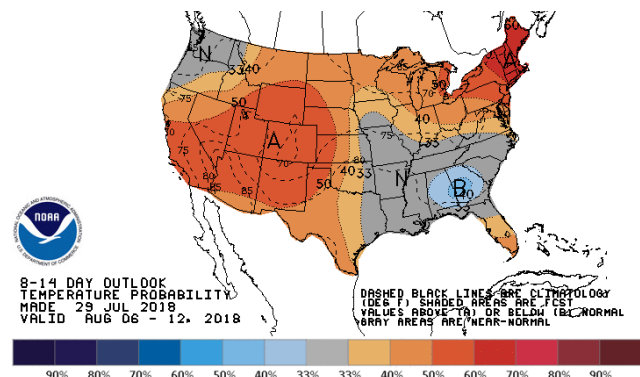
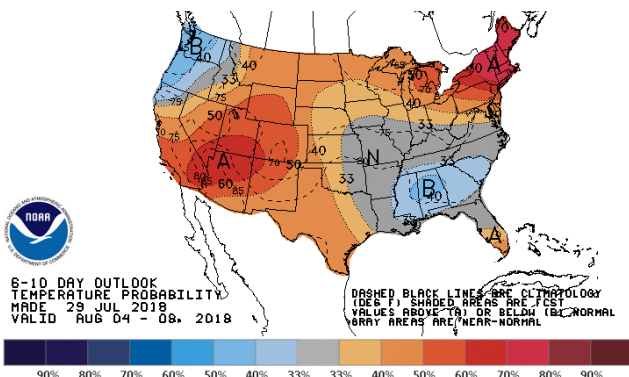


Next Day On-Peak Power (traded for 7/30/2018)

| | | | | | |
|-----------------|---------|------------------|---------------|--------------|----------|
| ISO-NE Mass Hub | \$35.88 | MISO Indiana Hub | \$31.00 | NYISO Zone G | \$38.68 |
| PJM West Hub | \$34.38 | ERCOT North | \$42.24 | CAISO SP15 | \$100.70 |
| NYMEX NG | | Close | Change | | |
| Aug-18 | 2.822 | 0.042 | | | |
| Sep-18 | 2.782 | 0.020 | | | |
| 12 Month | 2.801 | 0.019 | | | |
| Cal 19 | 2.740 | 0.017 | | | |
| Cal 20 | 2.627 | 0.020 | | | |

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% |



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