

Early Morning Update:

The Sep18 natural gas contract is trading down \$0.01 at \$2.79. The Sep18 crude contract is down \$0.43 at \$69.70.

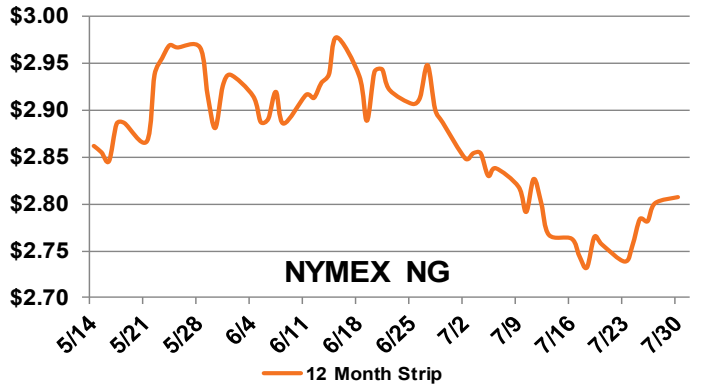
Summary: On its first day of prompt trading, the September NYMEX natural gas contract rose on imminent warmer temperatures and, with it, increased demand. September gained a cent and a half to 2.797/MMBtu, the 12-month strip rose two cents to \$2.807, and the 2019 and 2020 years rose one to two cents to \$2.762 and \$2.635, respectively. Weather forecasts for the first two weeks of August look to heat up across the Northeast and Midwest, with the West Coast and Texas seeming to moderate to just slightly above-normal temperatures. Even so, power burns look to be record setting in the second week of the month, with average estimates around 39 Bcf/d. Production is looking to temper the effect of increasing demand, as a new all-time high level over 81.4 Bcf/d was set just yesterday.

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 7/31/2018)

ISO-NE Mass Hub \$35.98	MISO Indiana Hub \$32.25	NYISO Zone G \$38.00
PJM West Hub \$33.81	ERCOT North \$34.00	CAISO SP15 \$97.13
NYMEX NG		
Sep-18	Close 2.797	Change 0.015
Oct-18	2.817	0.017
12 Month	2.808	0.021
Cal 19	2.762	0.022
Cal 20	2.636	0.008

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%

