

Early Morning Update:

The Sep17 natural gas contract is trading flat to yesterday's close at \$2.79.

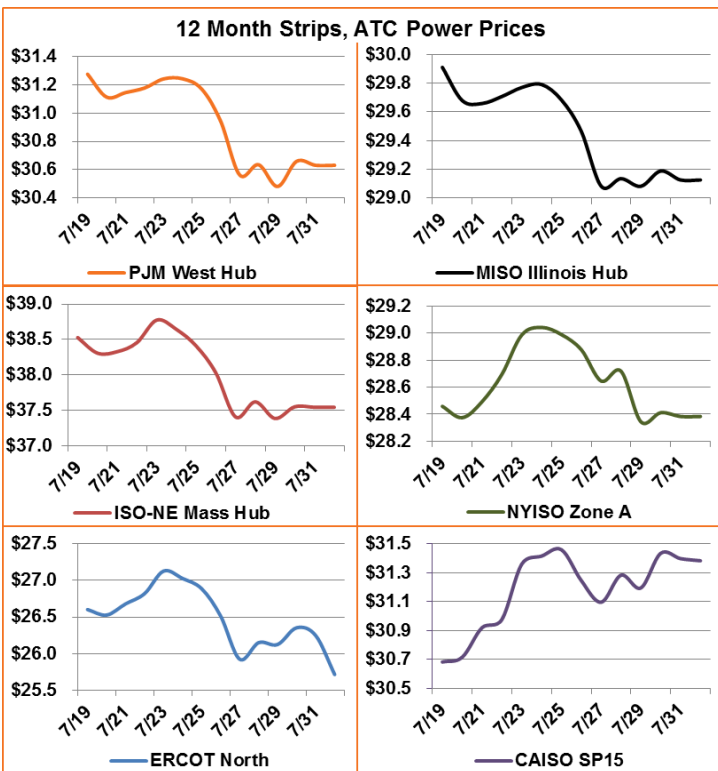
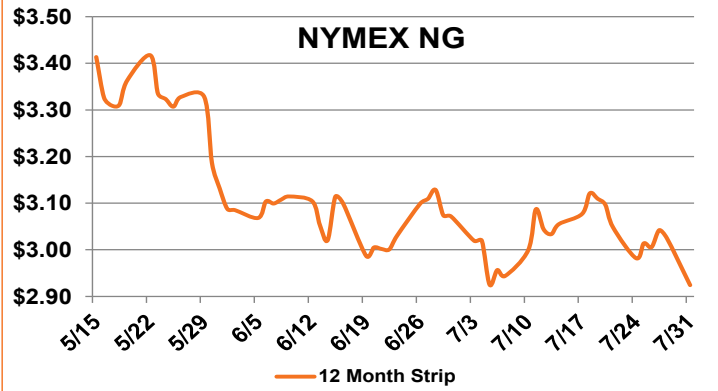
Summary: The natural gas prompt month posted its most significant one-day loss since February, as the September futures contract dropped nearly 15 cents to \$2.794/MMBtu. The prompt month is now at a five-month low, Cal'18 dropped 7 cents to \$2.92, and the outer calendar years all lost about a cent. The expected weather over the next two weeks will bring normal and below-normal temperatures to the majority of the country, with the exception of the West Coast. This brings us through mid-August and limits the amount of time remaining for heat waves and potential high gas demand from the electric sector. Meager power burn should allow for the maintenance of the small storage surplus to the five-year average that has been holding on for the past month. Looking ahead, we may see some recovery in the market with record imports to Mexico and ever-increasing LNG commitments.

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 8/1/2017)

ISO-NE Mass Hub \$35.81	MISO Indiana Hub \$37.18	NYISO Zone G \$37.67
PJM West Hub \$35.50	ERCOT North \$31.55	CAISO SP15 \$73.59
NYMEX NG	Close	Change
Sep-17	2.794	-0.147
Oct-17	2.834	-0.147
12 Month	2.924	-0.100
Cal 18	2.915	-0.069
Cal 19	2.799	-0.015

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%

