

Early Morning Update:

The Sep17 natural gas contract is trading down \$0.01 at \$2.81.

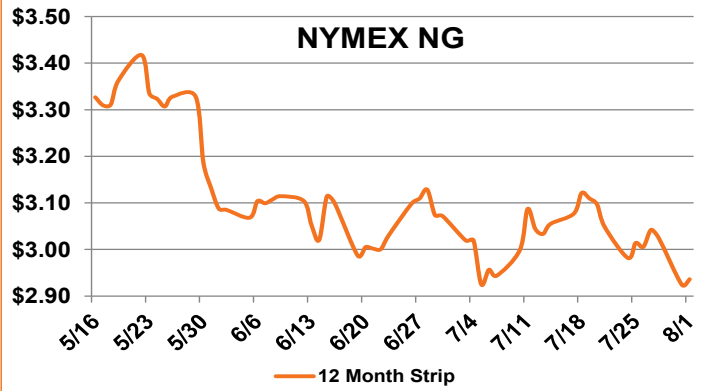
Summary: After falling to a five-month low on Monday, bargain hunting ensued and the September 2017 natural gas contract gained back 2.5 cents yesterday to settle at \$2.819/MMBtu. Contrary to July weather, which was the 8th warmest on record dating back to 1950, near-term weather outlooks remain bearish, predicting below-average temperatures centered over a large portion of the middle of the country. July 2017 temperatures in ERCOT and PJM were recorded close to the ten-year normal; however, nationally, July harvested 370 population-weighted cooling degree days – both warmer than the ten-year normal (358) and 30-year normal (338). ERCOT's July 2017 coincident peak (CP) was set on July 28 this year during hour ending 17, Central Time. Despite bearish near-term forecasts forcing the market to wonder if summer is over, CP season for most electricity markets lasts through September 2017. By that measure, at this point, summer is only halfway over.

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 8/2/2017)

ISO-NE Mass Hub \$36.89	MISO Indiana Hub \$36.75	NYISO Zone G \$42.29
PJM West Hub \$36.91	ERCOT North \$31.95	CAISO SP15 \$128.59
NYMEX NG	Close	Change
Sep-17	2.819	0.025
Oct-17	2.855	0.021
12 Month	2.936	0.012
Cal 18	2.924	0.009
Cal 19	2.808	0.009

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%

