

Early Morning Update:

The Sep17 natural gas contract is trading down \$0.03 at \$2.76. Sep17 crude is down \$0.28 to \$48.75.

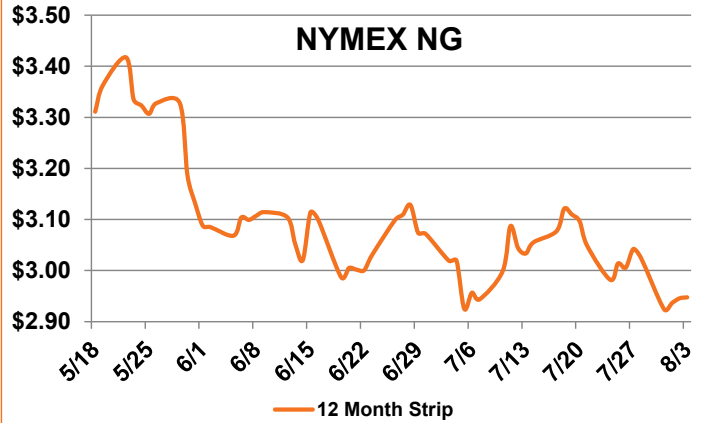
Summary: Another very quiet day on the NYMEX as the EIA reported a build into storage of 20 bcf, right inline with estimates. Prompt month traded down \$.011 to close at \$2.80. NG production remains firm at near 73 Bcf/d and demand is softening as weather east of the Rockies moderates and power burns decline. Meanwhile, LNG exports have hit a record high as flows to Sabine Pass hit 2.55 Bcf in late July as the addition of train 4 comes on-line. LNG exports are set to increase even further as Cove Point nears completion and could start flows in September. All of this is doing little to the long-term market as Cal '19 and beyond have barely moved recently amid very low volume. Power prices have also been quiet (with the exception of California) as weather is moderating and gas prices remain stable.

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
- Milder weather east of Rockies



Next Day On-Peak Power (traded for 8/4/2017)

ISO-NE Mass Hub \$32.40	MISO Indiana Hub \$25.94	NYISO Zone G \$34.45
PJM West Hub \$30.53	ERCOT North \$31.50	CAISO SP15 \$41.16
NYMEX NG		
	Close	Change
Sep-17	2.800	-0.011
Oct-17	2.844	-0.007
12 Month	2.948	0.002
Cal 18	2.950	0.008
Cal 19	2.844	0.017

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,010	2,990	3,290	2,923
Diff v. Current		20	-280	87
% Diff			-8.5%	3.0%

