

**Early Morning Update:**

The Sep18 natural gas contract is trading up \$0.01 at \$2.91. The Sep18 crude contract is down \$0.92 at \$68.25.

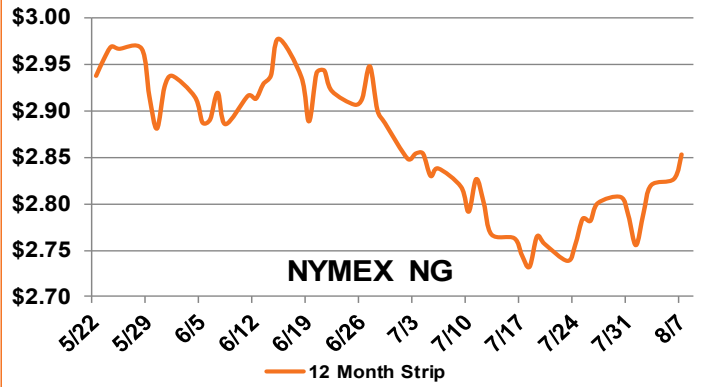
**Summary:** Supported by lingering heat, the prompt month natural gas contract posted gains for the fourth consecutive trading day yesterday. The September contract settled 3.7 cents higher than Monday's close at \$2.897/MMBtu. The U.S. Energy Information Administration published their "Short-Term Energy Outlook" yesterday. 2019 predictions for natural gas included production to average 84.1 Bcf/d (0.3 lower than the June EIA STEO release), pipeline exports to average 8.5 Bcf/d, with growth supported by expanding Mexican infrastructure and new pipeline border crossings, and LNG exports estimated to grow to an average of 5.1 Bcf/d. With China being the third largest consumer of U.S. LNG exports to date, their recent threat to impose a tariff on U.S. LNG could certainly put a hindrance on the LNG export outlook for the United States. NYMEX NG calendar strips 2020-2023 remain low, trading in a tight range between 2.62 and 2.66, and are, on average, ~2 cents above their all-time lows that were set recently.

**Bullish Factors**

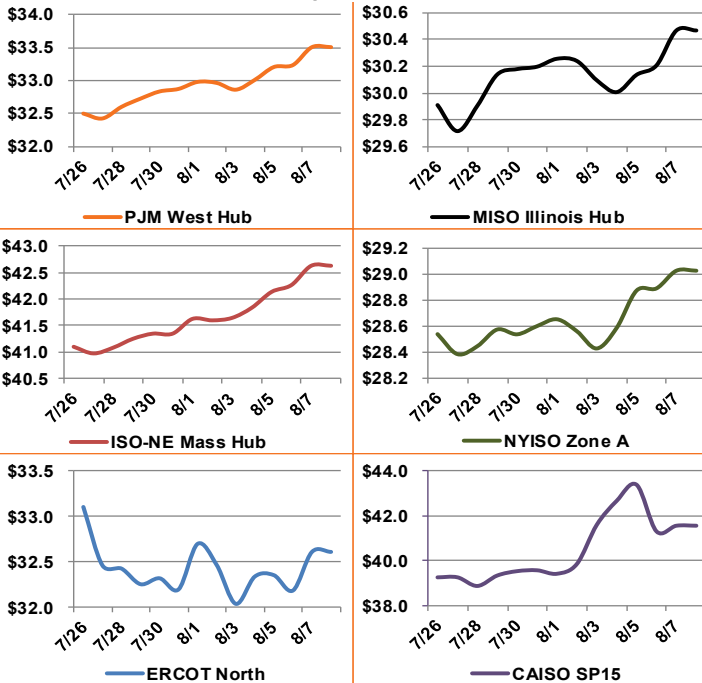
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

**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 8/8/2018)**

<b>ISO-NE Mass Hub</b> \$59.65	<b>MISO Indiana Hub</b> \$38.23	<b>NYISO Zone G</b> \$55.00
<b>PJM West Hub</b> \$41.71	<b>ERCOT North</b> \$40.73	<b>CAISO SP15</b> \$171.96
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-18	2.897	0.037
Oct-18	2.900	0.034
12 Month	2.853	0.026
Cal 19	2.785	0.021
Cal 20	2.624	0.006

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	2,308	2,273	2,978	2,830
<b>Diff v. Current</b>		35	-670	-522
<b>% Diff</b>			-22.5%	-18.4%

