

Early Morning Update:

The Sep18 natural gas contract is trading flat to yesterday's close at \$2.95. The Sep18 crude contract is up \$0.06 at \$67.00.

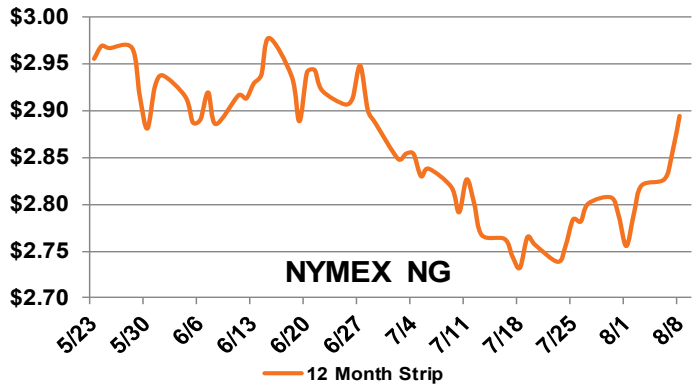
Summary: For the fifth straight trading session, the Sep18 natural gas contract climbed higher, jumping 5.2 cents yesterday to settle at \$2.949/MMBtu. The prompt month hasn't been this high since the Jul18 contract's ultimate settle at \$2.996 on June 27, and has risen 19 cents in the past week. The back of the curve was also up day-over-day, and continues to be backwarddated for calendar strips 2019-2021. Total demand for natural gas edged 2.1 Bcf/d lower today, with power burn leading the way, dropping 1.8 Bcf/d from Wednesday to 38.5 Bcf/d today. After three weeks of storage injections that came in significantly less than analysts' expectations, the market is estimating that storage inventories grew by 45 Bcf in the week to Aug. 3. The U.S. Energy Information Administration is scheduled to release their weekly storage data at 10:30 this morning, and a build of this size, although larger than the 29 Bcf injection seen last year for the same week, would still be less than the 53 Bcf five-year average, and, thus, do nothing to pare down the deficit to the 5YA.

Bullish Factors

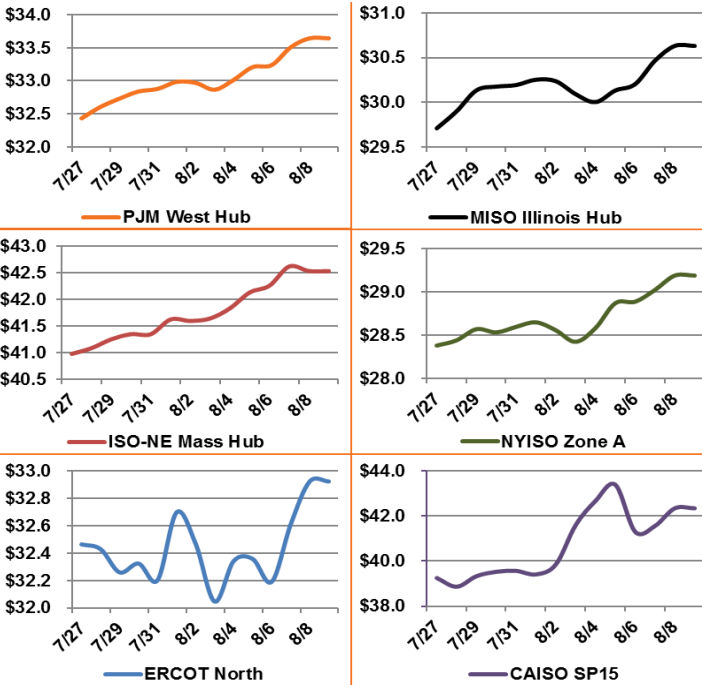
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 8/9/2018)

ISO-NE Mass Hub \$47.73	MISO Indiana Hub \$40.71	NYISO Zone G \$45.02
PJM West Hub \$39.18	ERCOT North \$33.00	CAISO SP15 \$154.06
NYMEX NG	Close	Change
Sep-18	2.949	0.052
Oct-18	2.955	0.055
12 Month	2.894	0.041
Cal 19	2.818	0.033
Cal 20	2.641	0.017

EIA Natural Gas Storage

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

