

Early Morning Update:

The Sep18 natural gas contract is trading up \$0.02 at \$2.95. The Sep18 crude contract is up \$1.00 at \$68.20.

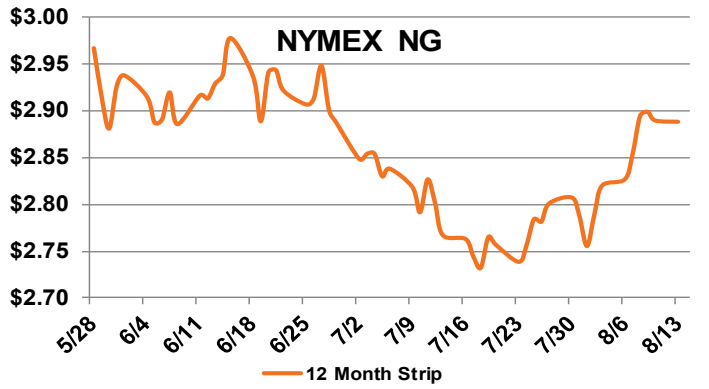
Summary: The near-term natural gas market drifted downward for the second day in a row, as overall demand begins to subside slightly from the first half of the month. The September prompt month lost over a cent to \$2.930/MMBtu, the 12-month strip lost less than a penny to \$2.888, and 2019 and 2020 both rose less than a cent to \$2.823 and \$2.661, respectively. Weather forecasts have taken a slightly cooler turn nationwide, but the West Coast and Mid-Atlantic look to remain at elevated temperatures. Texas and the mid-continent are expected to remain relatively moderate through the end of this month. Power burn forecasts decrease for the remainder of this month, giving some relief to the nearly 5 Bcf/d year-over-year increase in overall demand. Production has fallen just slightly since reaching an all-time high of 82.1 Bcf/d yesterday, but levels have stayed above 80 Bcf/d for over 10 days and look to maintain their strength through the end of August.

Bullish Factors

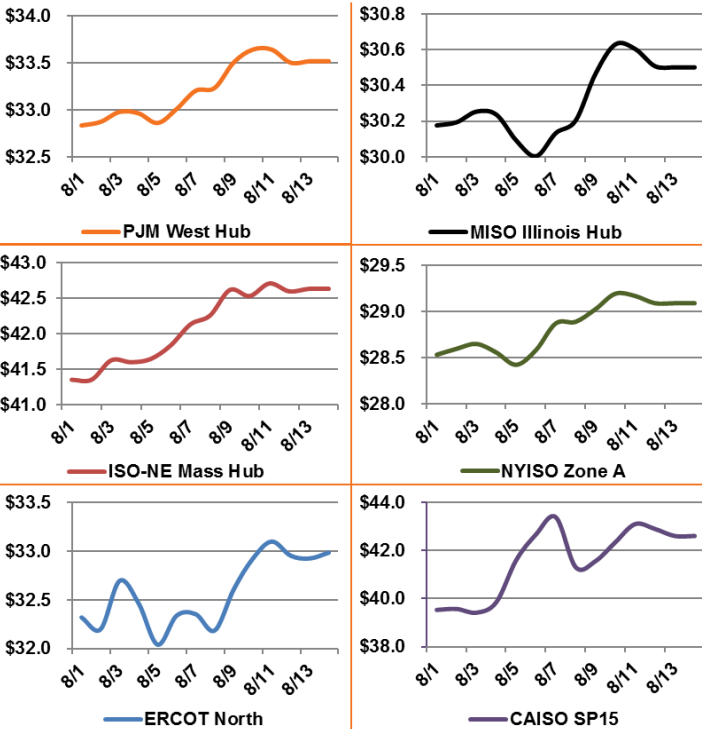
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 8/14/2018)

ISO-NE Mass Hub \$43.34	MISO Indiana Hub \$40.77	NYISO Zone G \$42.18
PJM West Hub \$37.57	ERCOT North \$28.25	CAISO SP15 \$81.92
NYMEX NG		
	Close	Change
Sep-18	2.930	-0.014
Oct-18	2.936	-0.013
12 Month	2.888	-0.001
Cal 19	2.823	0.006
Cal 20	2.661	0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,354	2,308	3,025	2,926
Diff v. Current		46	-671	-572
% Diff			-22.2%	-19.5%

