

Early Morning Update:

The Sep17 natural gas contract is trading flat to yesterday's close at \$2.96. Sep17 crude is down \$0.29 at \$47.30.

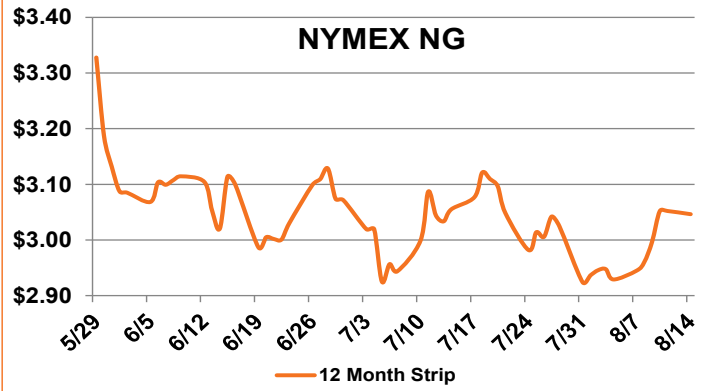
Summary: Implying that last week's gains were slightly overdone, the September prompt month dropped two cents on Monday to \$2.959/MMBtu, and all calendar strips moved minimally in the week's opening session. Warm weather is expected to envelop the Midwest and Northeast next week, fanning speculation of continued skimpy natural gas storage injections. Even with production slowly approaching all-time high levels and demand from power generation lagging, 2017 storage gains have been kept to 987 Bcf, more than 20% less than five-year average injections over the same period. Additional LNG exporting capacity and increasing exports to Mexico have kept these additions to natural gas stores at bay for the past two summers, and are only projected to grow in impact. Another bull to recognize is the emergence of hurricane season. With Hurricane Gert currently picking up speed, the storm is expected to pass between the U.S. mainland and Bermuda, staying offshore and posing little to no impact on supply or demand.

Bullish Factors

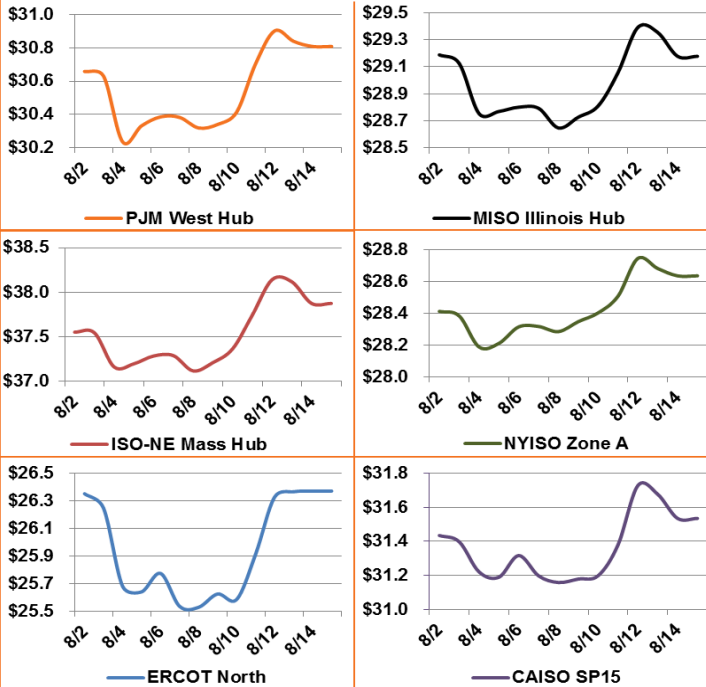
- Slow-growing production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- Milder weather



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 8/15/2017)

ISO-NE Mass Hub \$32.68	MISO Indiana Hub \$34.63	NYISO Zone G \$33.28
PJM West Hub \$33.65	ERCOT North \$30.87	CAISO SP15 \$31.22
NYMEX NG	Close	Change
Sep-17	2.959	-0.024
Oct-17	2.989	-0.020
12 Month	3.046	-0.006
Cal 18	3.021	0.001
Cal 19	2.859	0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,038	3,010	3,313	2,977
Diff v. Current		28	-275	61
% Diff			-8.3%	2.0%

