

**Early Morning Update:**

The Sep18 natural gas contract is trading flat to yesterday's close at \$2.94. The Sep18 crude contract is up \$0.29 at \$65.30.

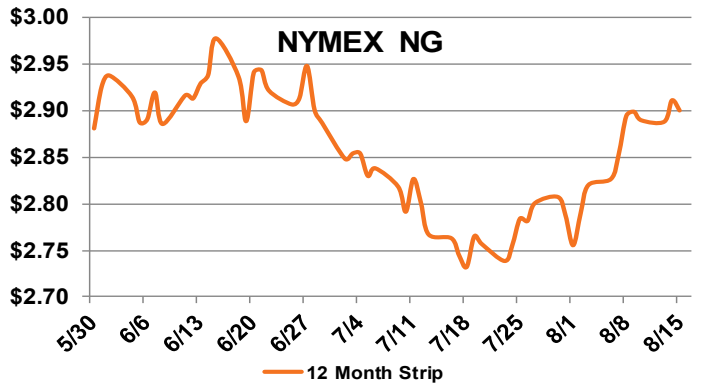
**Summary:** The market drifted slightly lower in trading on Wednesday to end the day down almost two cents at \$2.94/MMBtu. Very hot conditions are expected to continue across the West Coast. Temperatures across the Northeast remain above normal, with the central and southern portions of the U.S. at normal to below-normal. The upcoming winter strip (Nov '18 - Mar '19) has seen strength recently, trading up nearly 20 cents since the middle of July. Despite production increases, the storage deficit has not improved much this summer due to warm conditions and higher-than-expected power burns. The market is expecting a 28 Bcf injection into storage for the week to Aug. 10 when the U.S. Energy Information Administration releases their weekly storage report later this morning, which is well below last year's build of 49 Bcf for the same week, as well as the 56 Bcf 5-year average. Early projection for next week is near 50 Bcf, which is more in-line with the 5-year average level for the corresponding week of 52 Bcf.

**Bullish Factors**

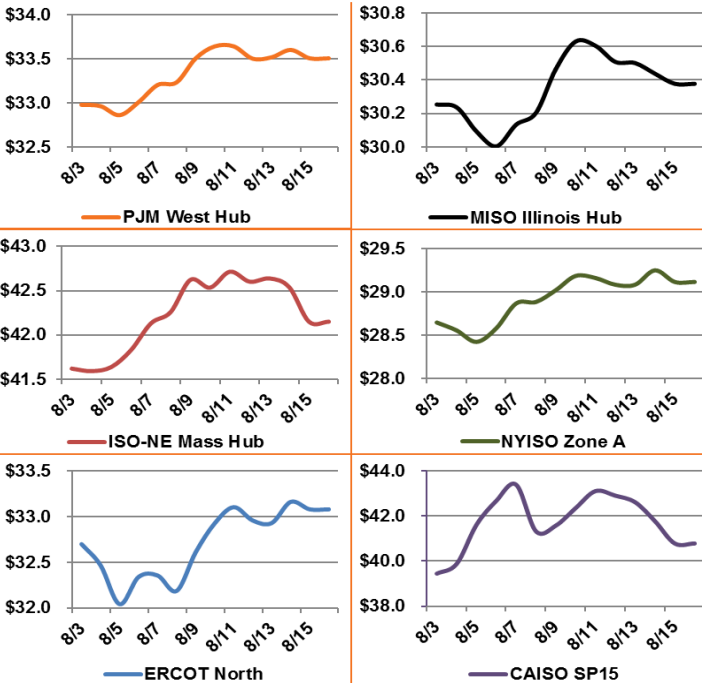
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

**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 8/16/2018)**

<b>ISO-NE Mass Hub</b> \$58.18	<b>MISO Indiana Hub</b> \$38.50	<b>NYISO Zone G</b> \$48.15
<b>PJM West Hub</b> \$40.08	<b>ERCOT North</b> \$40.85	<b>CAISO SP15</b> \$63.14
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-18	2.940	-0.019
Oct-18	2.948	-0.018
12 Month	2.900	-0.011
Cal 19	2.832	-0.007
Cal 20	2.664	-0.003

**EIA Natural Gas Storage**

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

