

Early Morning Update:

The Sep18 natural gas contract is trading up \$0.03 at \$2.94. The Sep18 crude contract is up \$0.69 at \$66.15.

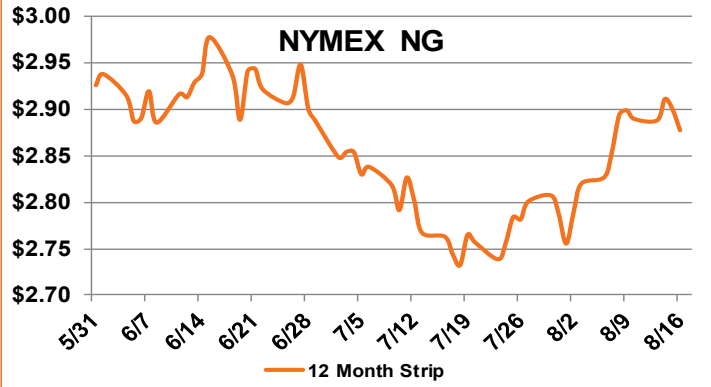
Summary: A slightly higher-than-expected storage injection helped put downward pressure on natural gas prices yesterday, after the U.S. Energy Information Administration reported a 33 Bcf growth in storage inventories in the week to Aug. 10. The build was a little better than the 30 Bcf the market anticipated, but still a far cry from the 49 Bcf addition to storage stockpiles seen last year at this time, as well as the 56 Bcf five-year average injection. This was the second week in a row that the weekly storage report beat expectations, after three consecutive weeks of disappointing builds. The NYMEX prompt month contract fell 3.2 cents on the day, settling at \$2.908/MMBtu. The 2019-2024 calendar strips all fell more than a penny yesterday, with the 2020-2024 strips now all below \$2.76 and within 16 cents of each other. Power burns reached a weekly high of 39.5 Bcf/d yesterday, but are expected to taper off to about 35 Bcf/d over the weekend, and may fall further on cooler weather outlooks. This should help temper concerns over the end-of-season storage deficit, which is currently projected to be 479 Bcf (12%).

Bullish Factors

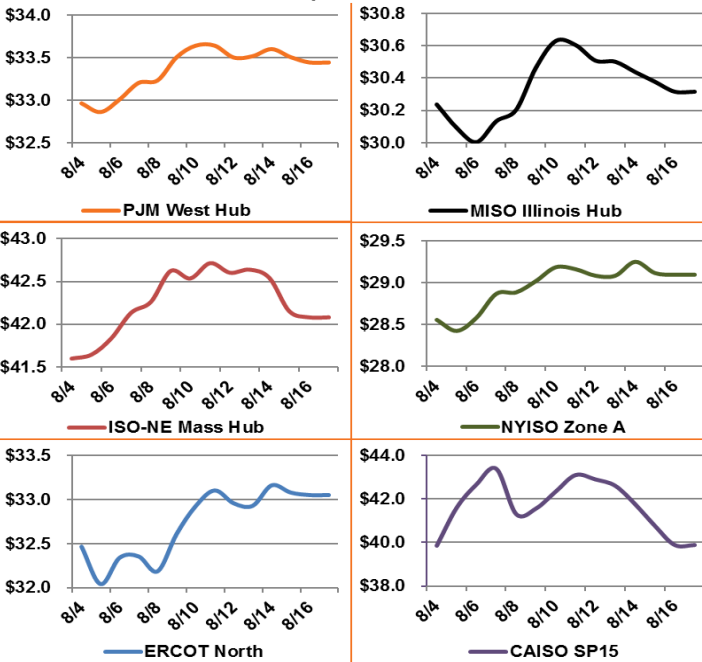
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 8/17/2018)

ISO-NE Mass Hub \$46.48	MISO Indiana Hub \$39.00	NYISO Zone G \$43.00
PJM West Hub \$40.45	ERCOT North \$55.00	CAISO SP15 \$58.40
NYMEX NG		
	Close	Change
Sep-18	2.908	-0.032
Oct-18	2.913	-0.035
12 Month	2.877	-0.023
Cal 19	2.817	-0.015
Cal 20	2.654	-0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,387	2,354	3,074	2,982
Diff v. Current		33	-687	-595
% Diff			-22.3%	-20.0%

