

Early Morning Update:

The Sep18 natural gas contract is trading flat to Friday's close at \$2.95. The Sep18 crude contract is up \$0.39 at \$66.30.

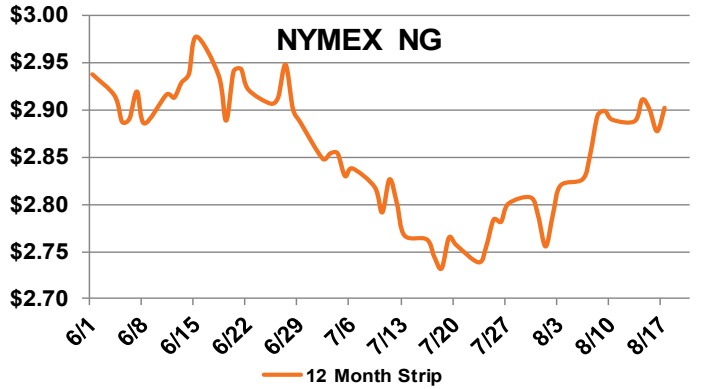
Summary: On Friday, the Sep18 NYMEX natural gas futures price surged 3.8 cents on the day to settle at \$2.946/MMBtu. Strength in the prompt month followed the second consecutive storage report that was slightly above expectations, but was still at a deficit to last year and the 5-year average for the same week. We continue to see pricing creep up towards the \$3.00/MMBtu technical trading level, but without having any success at breaking through. As we move towards the end of August, end-of-season inventory expectations are weakening, with the latest estimates down to 3.369 Tcf, providing upward pressure to this upcoming winter's pricing. The 1-5 day weather forecast shows relief for the middle of the country, with heat contained to the West and Northeast. Forecasts through the end of August are showing continued heat for the Northeast, a major demand center for natural gas. The beginning of September brings warmer-than-normal temperatures to the majority of the country. Yesterday, U.S. dry production hit a new record of 82.7 Bcf/d, and seems to be a factor in keeping a cap on the prompt month price.

Bullish Factors

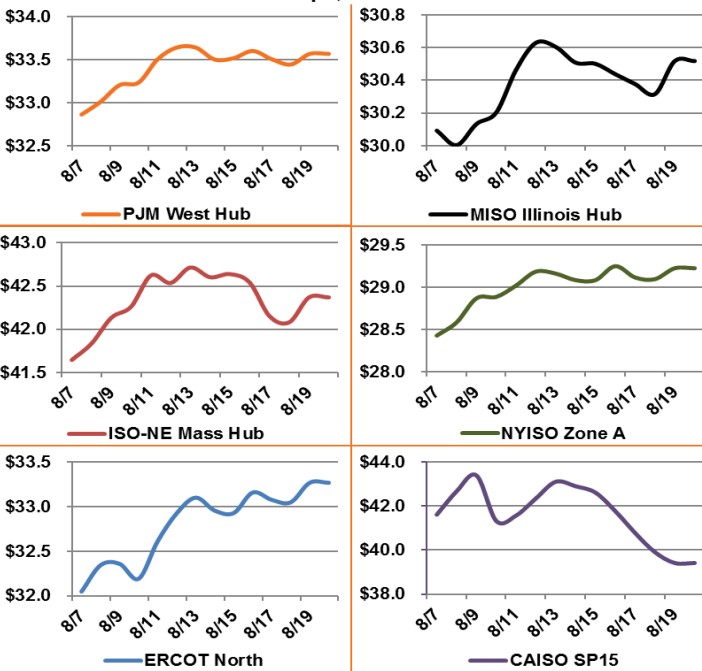
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 8/20/2018)

ISO-NE Mass Hub \$34.00	MISO Indiana Hub \$34.17	NYISO Zone G \$34.57
PJM West Hub \$35.62	ERCOT North \$47.38	CAISO SP15 \$62.50
NYMEX NG		
	Close	Change
Sep-18	2.946	0.038
Oct-18	2.949	0.036
12 Month	2.902	0.025
Cal 19	2.832	0.015
Cal 20	2.658	0.004

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%

