

### Early Morning Update:

The Sep18 natural gas contract is trading down \$0.01 at \$2.97. The Sep18 crude contract is up \$1.36 at \$67.20.

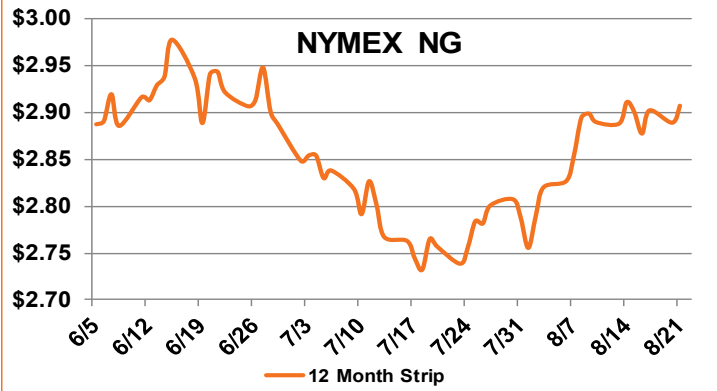
**Summary:** Supported by lingering heat expected for the first part of September, the prompt month NYMEX NG contract settled 3.9 cents higher than Monday's settlement price at \$2.98/MMBtu yesterday. U.S. dry natural gas production remains strong, averaging ~81.6 Bcf/d this month, 13% higher than August 2017, seemingly keeping upside support limited. On trend with the ever-changing regulatory front, yesterday, the EPA proposed the Affordable Clean Energy (ACE) rule as a replacement for the Clean Power Plan (CPP). The ACE rule's market impact, if any, is unclear at this point. According to the EIA, ~13.5 GW of coal capacity is slated for closure this year. Many coal retirements that occurred over the past few years have been attributed to market economics, rather than regulation requirements. The EPA plans to issue a final rule in early 2019, but could take several years to review and approve individual state compliance plans.

### Bullish Factors

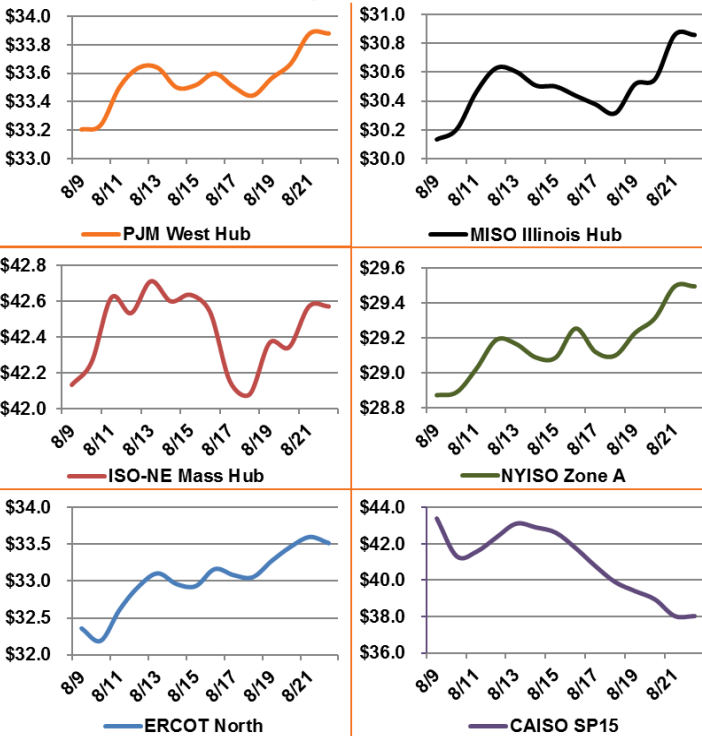
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

### Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



### 12 Month Strips, ATC Power Prices



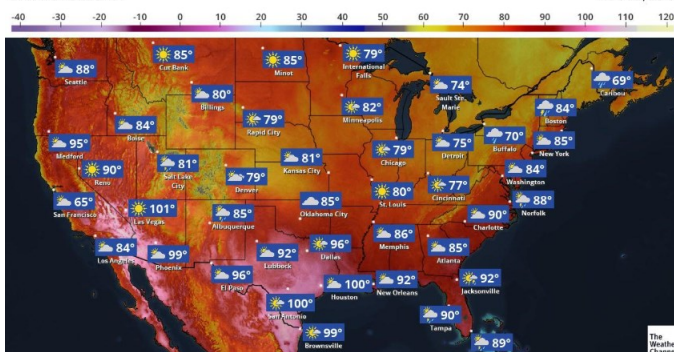
### Next Day On-Peak Power (traded for 8/22/2018)

ISO-NE Mass Hub \$35.52	MISO Indiana Hub \$30.00	NYISO Zone G \$34.51
PJM West Hub \$33.21	ERCOT North \$44.69	CAISO SP15 \$49.35
NYMEX NG		Change
Sep-18	2.980	0.039
Oct-18	2.964	0.032
12 Month	2.907	0.018
Cal 19	2.833	0.010
Cal 20	2.656	0.001

### 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%

### TODAYS FORECAST AUG 22, 2018



### THURSDAY FORECAST AUG 23, 2018

