

**Early Morning Update:**

The Sep17 natural gas contract is trading down \$0.03 at \$2.86. Oct17 crude is down \$0.37 at \$47.50.

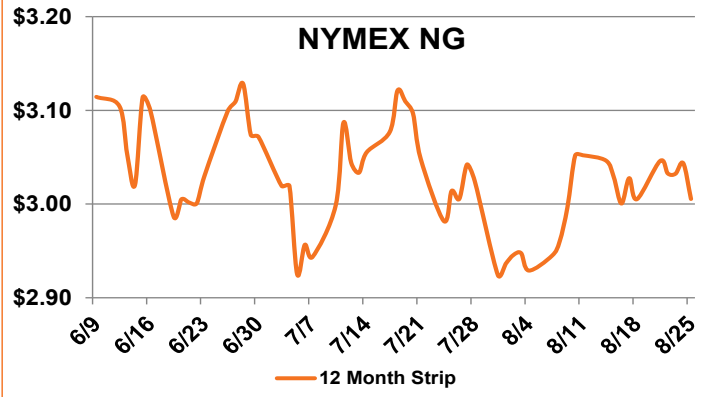
**Summary:** On Friday, September natural gas futures ended the trading session down 5.7 cents at \$2.892/MMBtu. This is the lowest price the market has seen in about a week, after trading between \$2.881 and \$2.952/MMBtu. The market's downward trend is most likely due to persistent bearish fundamentals, such as below-normal weather forecasts, dwindling power burn demand, and expectations for healthy storage injections. Hurricane Harvey, which the National Weather Service referred to as "catastrophic and life-threatening", is a contributing factor to the market's bearish view, with the anticipation of weakened industrial demand for natural gas, as plants are shutting their doors during the storm. This could mean a larger-than-expected injection into storage. The U.S. Bureau of Safety and Environmental Enforcement reported that about 25% of oil and natural gas production in the Gulf of Mexico is currently shut down, with an estimated 0.835 Bcf/d of gas production offline. Weather forecasts for the 6-10 and 11-15 day outlooks are calling for below-average temperatures for the majority of the eastern half of the country, pushing cooling demand levels even lower.

**Bullish Factors**

- Return of warmer temperatures
- Exports to Mexico at record high
- Growing LNG exports

**Bearish Factors**

- Power burn down year-over-year
- Increased renewable energy generation
- NG production increases



**Next Day On-Peak Power (traded for 8/28/2017)**

<b>ISO-NE Mass Hub</b> \$17.64 8/26/17	<b>MISO Indiana Hub</b> \$26.56 8/26/17	<b>NYISO Zone G</b> \$20.71 8/26/17
<b>PJM West Hub</b> \$27.32	<b>ERCOT North</b> \$26.50	<b>CAISO SP15</b> \$118.18
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Sep-17	2.892	-0.057
Oct-17	2.924	-0.058
12 Month	3.005	-0.038
Cal 18	2.994	-0.025
Cal 19	2.827	-0.009

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	3,125	3,082	3,348	3,081
<b>Diff v. Current</b>		43	-223	45
<b>% Diff</b>			-6.7%	1.5%

