

Early Morning Update:

The Sep18 natural gas contract is trading down \$0.01 at \$2.86. The Oct18 crude contract is up \$0.03 at \$68.90.

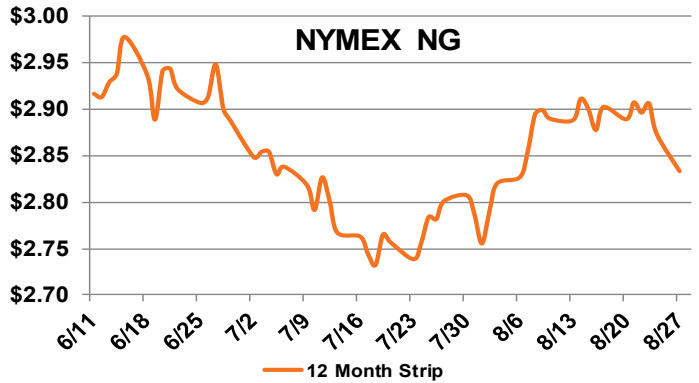
Summary: Gas and Power markets dipped yesterday despite scorching hot temperatures across much of the country. Weather forecasts show above average temperatures through the end of next week, then an easing of the hot weather. Given the high rate of NG production, it appears as though the market is banking on looser condition once the weather finally (hopefully) breaks. Speaking of production, we did hit another all-time higher yesterday at 82.8 Bcf. This is roughly 10 Bcf/d higher than this time last year. Most analysts had forecasted a growth in production but the rate of growth appears to have outpaced many expectations. This is fortunate because NG demand has also been very high, especially on the powerburn side. For this July and August, we have burned near 200 Bcf more than last July and August. This has contributed to the low storage levels and deficits to last year and the 5-year average.

Bullish Factors

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

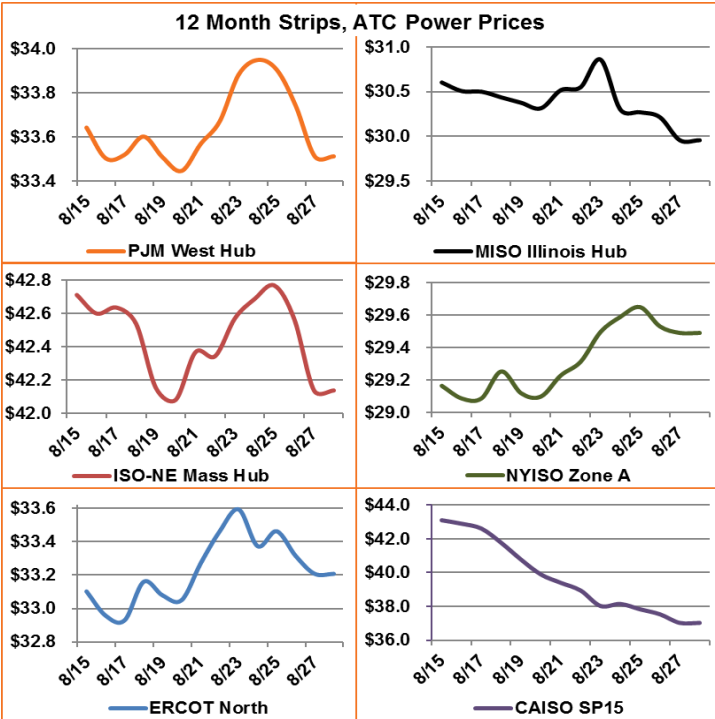
Bearish Factors

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



Next Day On-Peak Power (traded for 8/28/2018)

ISO-NE Mass Hub \$67.62	MISO Indiana Hub \$48.64	NYISO Zone G \$55.11
PJM West Hub \$53.47	ERCOT North \$32.42	CAISO SP15 \$40.06
NYMEX NG		Change
Sep-18	2.876	-0.041
Oct-18	2.869	-0.044
12 Month	2.834	-0.040
Cal 19	2.775	-0.035
Cal 20	2.623	-0.024



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,435	2,387	3,119	3,034
Diff v. Current		48	-684	-599
% Diff			-21.9%	-19.7%

