

Early Morning Update:

The Oct18 natural gas contract is trading up \$0.02 at \$2.88. The Oct18 crude contract is up \$0.39 at \$69.90.

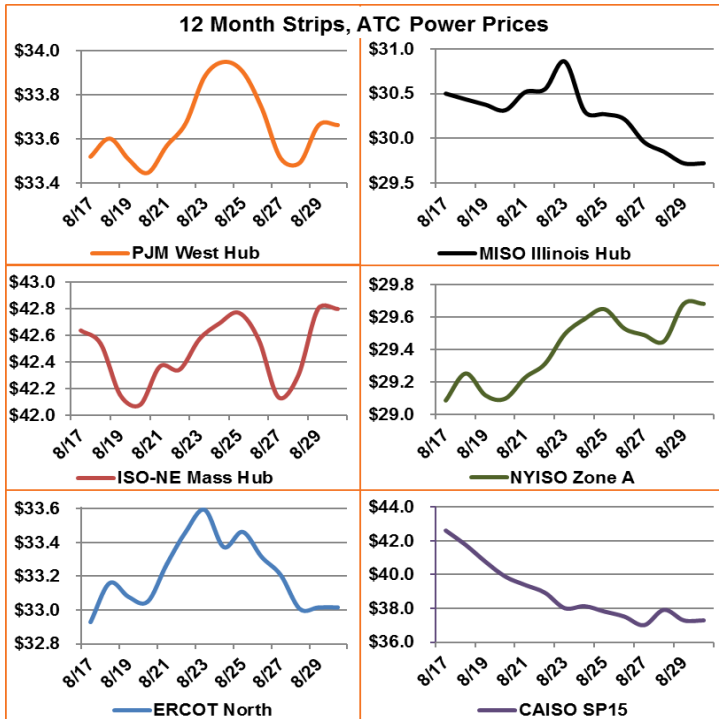
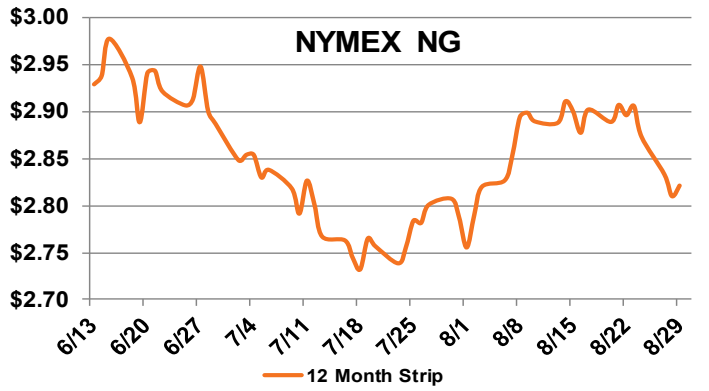
Summary: After three consecutive down days, the Sep'18 contract closed the trading session on Wednesday up four cents to expire at \$2.895/MMBtu. This morning, the Oct'18 contract rolled into the prompt position at a slight discount to the prior month at \$2.863. The current heat wave is expected to remain in place across the Northeast for the upcoming week, and then return to more moderate temperatures towards the second week of September. The Nov-Mar'19 strip has been largely rangebound over the last six months, despite the current deficit in storage, which stands at 20% below the 5-year average. The Nov-Mar'19 strip has traded as low as \$2.86, and as high as \$3.14 recently, and is valued at \$2.98 this morning, in the middle of the range. The market is expecting an injection of 65 Bcf this morning when the EIA releases their weekly storage report for the week ending Aug. 24, which would be a larger injection than the 5-year average of 59 Bcf for the corresponding week.

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 8/30/2018)

ISO-NE Mass Hub \$61.15	MISO Indiana Hub \$30.97	NYISO Zone G \$47.89
PJM West Hub \$41.13	ERCOT North \$41.06	CAISO SP15 \$42.82
NYMEX NG		Change
Sep-18	2.895	0.043
Oct-18	2.863	0.018
12 Month	2.822	0.011
Cal 19	2.759	0.004
Cal 20	2.620	-0.001

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%

