

**Early Morning Update:**

The Oct18 natural gas contract is trading flat to yesterday's close at \$2.795. The Oct18 crude contract is up \$0.18 at \$68.90.

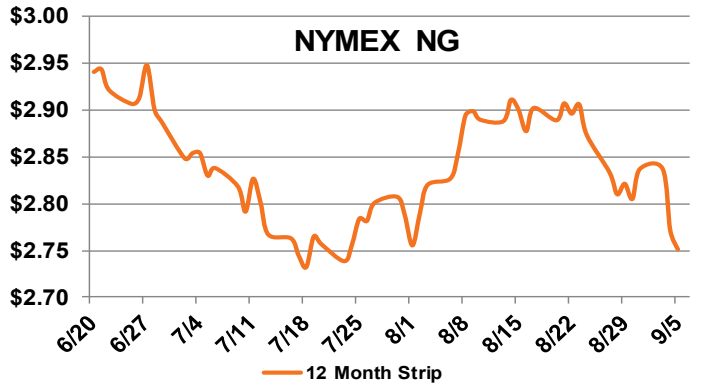
**Summary:** Moderating temperatures, an easing of demand for natural gas, and record production all combined to push the prompt month gas price lower for a second day in a row. The October NYMEX contract slipped another 2.8 cents yesterday, settling at \$2.795/MMBtu. Total gas demand is down 2.0 Bcf/d to 78.5 Bcf/d day-over-day, and is expected to continue to decline, as short-term weather outlooks show a break in the incessant heat that have enveloped most of the country lately. Even with the return of warmer-than-normal temperatures expected next week, it shouldn't get quite as hot as it has been, as normal temperatures themselves begin to fade as we enter the shoulder season. This morning, the U.S. Energy Information Administration is expected to report a storage injection in the neighborhood of 60 Bcf for the week ending Aug. 31. This would be in right line with the build seen last year for the same week, but slightly less than the 65 Bcf five-year average. Although slightly larger builds are expected in the coming weeks, they are still anticipated to be less than the five-year average, and, thus, widening the deficit, which currently sits at 19%.

**Bullish Factors**

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

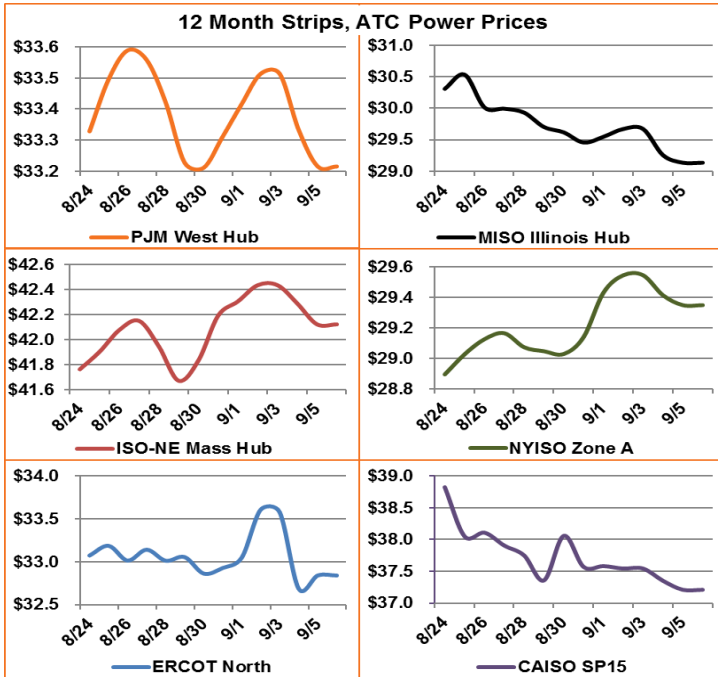
**Bearish Factors**

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



**Next Day On-Peak Power (traded for 9/6/2018)**

ISO-NE Mass Hub \$63.85	MISO Indiana Hub \$33.60	NYISO Zone G \$47.94
PJM West Hub \$43.04	ERCOT North \$33.54	CAISO SP15 \$45.18
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Oct-18	2.795	-0.028
Nov-18	2.813	-0.029
12 Month	2.752	-0.020
Cal 19	2.720	-0.015
Cal 20	2.611	-0.004



**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	2,505	2,435	3,151	3,093
<b>Diff v. Current</b>		70	-646	-588
<b>% Diff</b>			-20.5%	-19.0%

