

Early Morning Update:

The Oct18 natural gas contract is trading flat to yesterday's close at \$2.77. The Oct18 crude contract is down \$0.04 at \$67.73.

Summary: Another slide in pricing yesterday as the prompt month lost \$.023 to close at \$2.772. Since reaching a recent high of \$2.966 on August 14th, the market has slowly drifted nearly 20c lower. The 12 month strip has lost 18c over that same period and Cal '19 13c. It is not uncommon for there to be a 'fall-dip' in pricing. Is this it? A dip in prices during the fall often corresponds to a cooling of temperatures, but weather forecasts continue to show above average temps through late September for most of the country. And this comes after what was the 4th hottest summer on record.

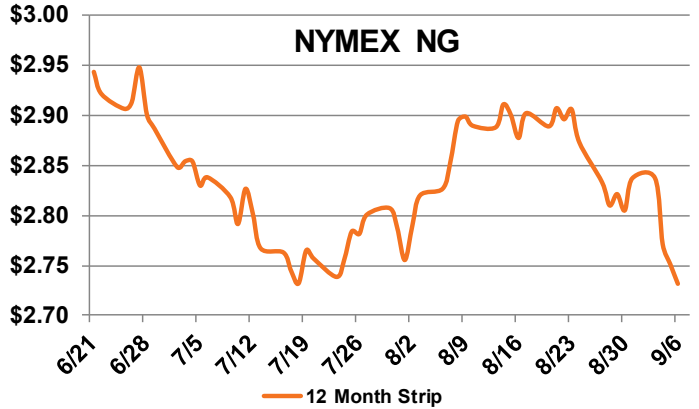
Also yesterday was the latest EIA storage report where a build of 63 bcf was announced. The build was in-line with expectations and increased storage levels to 2.568 Tcf. Storage levels remain 20% below last year and nearly 19% below the 5-year average. A testament to the strong demand over this hot summer.

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 9/7/2018)

ISO-NE Mass Hub \$32.67	MISO Indiana Hub \$30.00	NYISO Zone G \$36.78
PJM West Hub \$34.94	ERCOT North \$32.98	CAISO SP15 \$45.94
NYMEX NG		
	Close	Change
Oct-18	2.772	-0.023
Nov-18	2.791	-0.022
12 Month	2.732	-0.019
Cal 19	2.702	-0.019
Cal 20	2.600	-0.011

EIA Natural Gas Storage				
EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,568	2,505	3,211	3,158
Diff v. Current		63	-643	-590
% Diff			-20.0%	-18.7%

