

Early Morning Update:

The Oct17 natural gas contract is trading up \$0.03 at \$2.98. Oct17 crude is up \$0.13 at \$48.20.

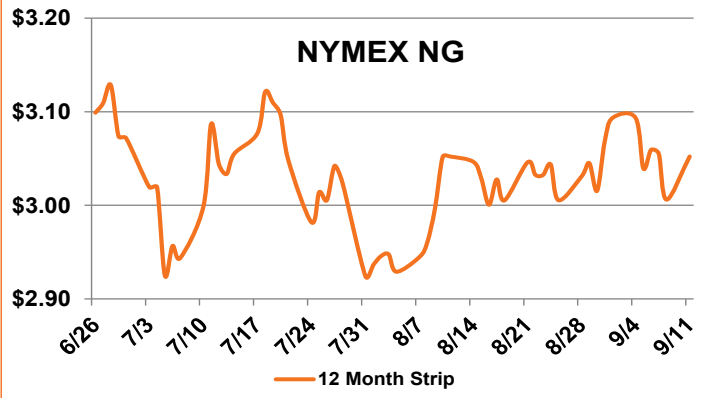
Summary: The promise of rising cooling demand in the eastern half of the country next week was enough to drive the October futures contract up six cents to \$2.95/MMBtu on Monday. Calendar 2018 added four cents to \$3.05, and 2019 & 2020 rose by two cents to \$2.90 and \$2.82, respectively. Weather forecasts for the six-to-fourteen day period shows above-average temperatures for the East Coast and portions of the Midwest, with highs in parts of PJM surpassing 80 degrees. Natural gas demand has recently been flattened in the Southeast from Hurricanes Harvey and Irma, which has dragged national demand to a 3.5 Bcf/day month-to-date deficit compared to 2016. This should allow for storage levels to be bolstered higher than historical levels at least over the next two weeks, as we've seen record high production numbers in the last week paired with depressed demand.

Bullish Factors

- Growing LNG exports
- Exports to Mexico at record high
- Hurricane season unpredictability

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- NG production at record levels



Next Day On-Peak Power (traded for 9/12/2017)

ISO-NE Mass Hub \$22.79	MISO Indiana Hub \$30.60	NYISO Zone G \$23.58
PJM West Hub \$30.15	ERCOT North \$25.50	CAISO SP15 \$42.85
NYMEX NG	Close	Change
Oct-17	2.950	0.060
Nov-17	3.019	0.054
12 Month	3.052	0.046
Cal 18	3.049	0.040
Cal 19	2.895	0.020

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,220	3,155	3,432	3,205
Diff v. Current		65	-212	15
% Diff			-6.2%	0.5%

