

Early Morning Update:

The Oct18 natural gas contract is trading up \$0.02 at \$2.85. The Oct18 crude contract is down \$0.67 at \$69.70.

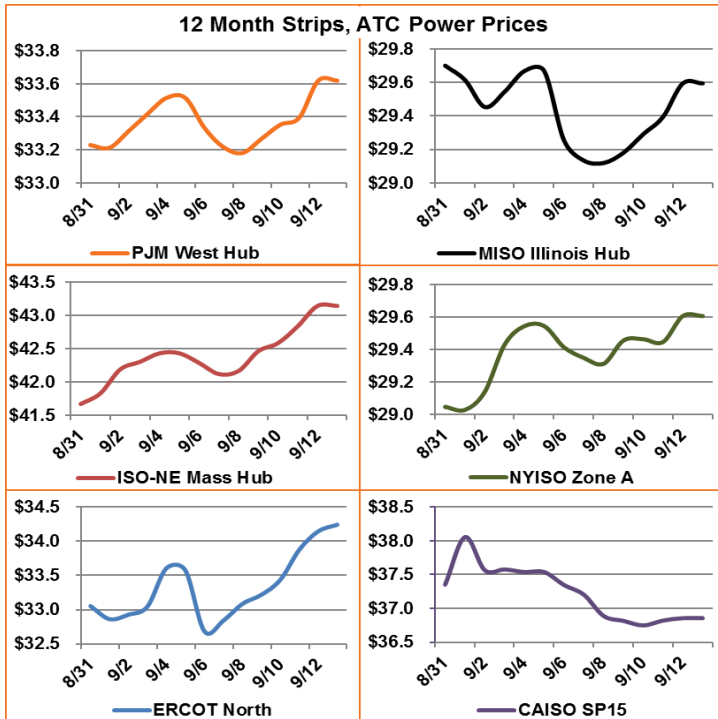
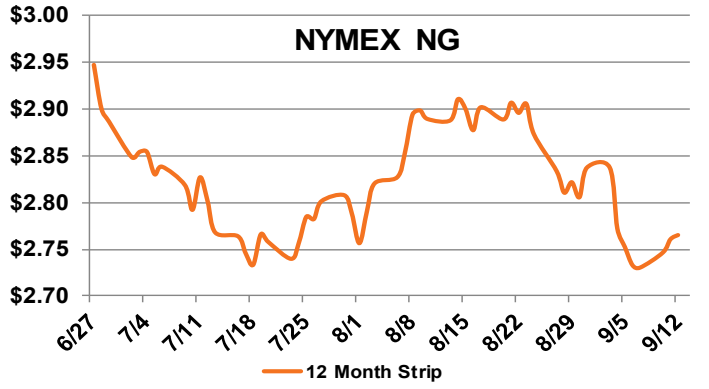
Summary: October natural gas futures settled relatively unchanged yesterday, settling up just a tenth of a penny at \$2.829/MMBtu. This comes in the face of dipping production, which has slipped 1.4 Bcf/d since reaching an all-time high of 83.7 Bcf/d on Monday, another expected storage injection less than the five-year average, and warmer-than-normal temperatures forecast for the majority of the country, which should keep late summer cooling demand elevated. Power burns are up, as well, with 33.0 Bcf/d projected for today, the highest it's been in a week. The U.S. Energy Information Administration is expected to report a growth in natural gas storage inventories this morning in the neighborhood of 70 Bcf for the week to Sep. 7. This would be slightly less than the 74 Bcf five-year average, and far less than the 87 Bcf seen last year for the corresponding week. Current stockpiles are in deficit to the five-year average by almost 19%, and the next three injections are expected to do little to pare this down.

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 9/13/2018)

ISO-NE Mass Hub \$34.31	MISO Indiana Hub \$36.03	NYISO Zone G \$35.46
PJM West Hub \$40.17	ERCOT North \$31.00	CAISO SP15 \$35.83
NYMEX NG	Close	Change
Oct-18	2.829	0.001
Nov-18	2.820	-0.007
12 Month	2.765	0.005
Cal 19	2.732	0.008
Cal 20	2.625	0.010

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%

