

Early Morning Update:

The Aug19 natural gas contract is trading down \$0.05 at \$2.26. The Aug19 crude oil contract is up \$1.63 at \$60.10.

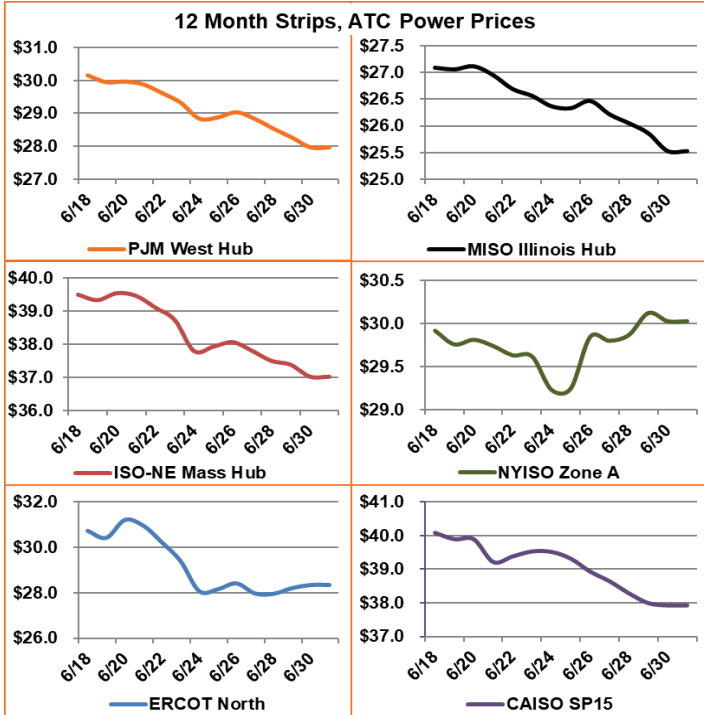
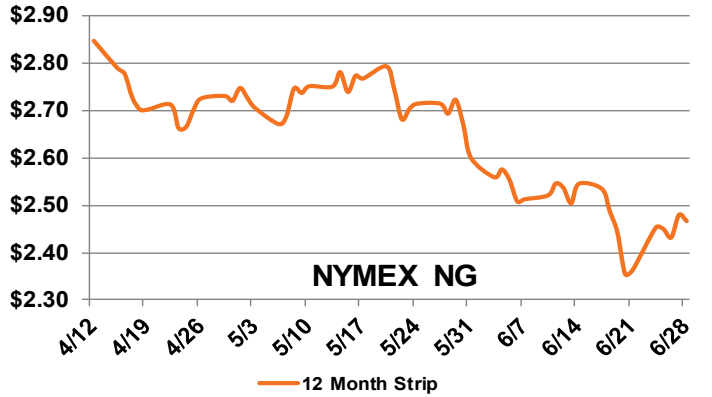
Summary: On Friday, the August 2019 NYMEX natural gas futures price depressed slightly, falling 1.6 cents on the day to settle at \$2.308/MMBtu. Last week, the EIA reported a lower-than-expected injection of 98 Bcf into storage, but was still the 15th consecutive injection that was greater than the 5-year average. Over the weekend, U.S. production levels averaged just under 88.0 Bcf/d. The record high production levels this year, coupled with mild temperatures to start off this summer season, have placed significant downward pressure on natural gas pricing lately. June came in as the coolest we have seen nationally since 2009. How will the supply/demand balance look once warmer temperatures creep in and LNG exports increase with the completion of export train construction? Weather forecasts have warmed significantly over the weekend, mainly for the eastern half of the country. In the 1-5 day forecast, a blanket of warmer-than-normal temperatures cover the Northeast, a major U.S. demand center for natural gas, which most likely will lead to jumpstarting cooling demand.

Bullish Factors

- High LNG exports
- Below-average storage levels
- Attention turning toward summer

Bearish Factors

- Record NG production
- Higher associated gas production
- Mild temps



Next Day On-Peak Power (traded for 7/1/2019)

ISO-NE Mass Hub \$20.91	MISO Indiana Hub \$34.00	NYISO Zone G \$24.50
PJM West Hub \$28.76	ERCOT North \$21.44	CAISO SP15 \$31.56
NYMEX NG	Close	Change
Aug-19	2.308	-0.016
Sep-19	2.282	-0.016
12 Month	2.465	-0.013
Cal 20	2.536	-0.014
Cal 21	2.582	-0.019

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,301	2,203	2,065	2,472
Diff v. Current		98	236	-171
% Diff			11.4%	-6.9%

