

Early Morning Update:

The Aug19 natural gas contract is trading up \$0.02 at \$2.44. The Aug19 crude oil contract is up \$1.32 at \$59.15.

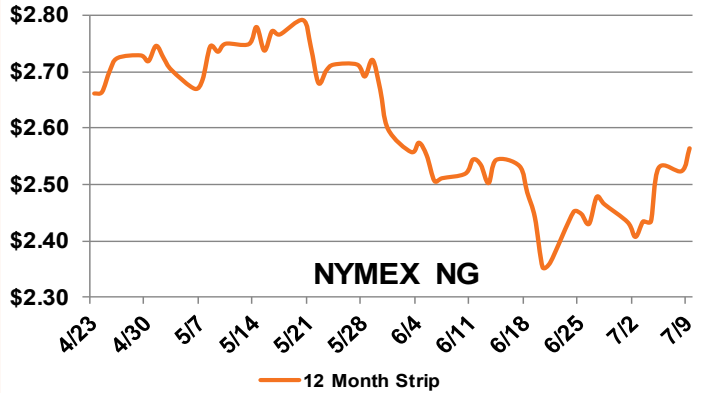
Summary: Increasing demand brought on by warm weather continued to pressure near-term natural gas prices yesterday, as the prompt month gained another 2.2 cents, settling at \$2.425/MMBtu. The 12-month and 2020 calendar strips each gained four cents, while the 2021-2024 calendar strips all rose a penny or two. Natural gas production had remained strong coming out of the 4th of July holiday, averaging over 88 Bcf/d, but has since declined to 87.4 Bcf/d yesterday, and is forecast to be 86.1 Bcf/d today. Total U.S. demand for natural gas reached a 7-day high of 75.5 Bcf/day on the heels of stronger power burns and elevated LNG exports. The U.S. Energy Information Administration will release their natural gas storage report for the week ended July 5th tomorrow. Once again, it's expected to continue the trend of reporting a greater injection than both last year and the 5-year average. If this comes to fruition, it will be the 17th report in a row to cut into the deficit to the 5-year average.

Bullish Factors

- High LNG exports
- Below-average storage levels
- Warmer weather forecast

Bearish Factors

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



Next Day On-Peak Power (traded for 7/10/2019)

ISO-NE Mass Hub \$36.91	MISO Indiana Hub \$35.30	NYISO Zone G \$32.00
PJM West Hub \$36.81	ERCOT North \$40.86	CAISO SP15 \$31.43
NYMEX NG	Close	Change
Aug-19	2.425	0.022
Sep-19	2.416	0.032
12 Month	2.565	0.040
Cal 20	2.592	0.042
Cal 21	2.580	0.018

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,390	2,301	2,141	2,542
Diff v. Current		89	249	-152
% Diff			11.6%	-6.0%

