

Early Morning Update:

The Aug19 natural gas contract is trading down \$0.01 at \$2.30. The Sep19 crude oil contract is down \$0.17 at \$56.05.

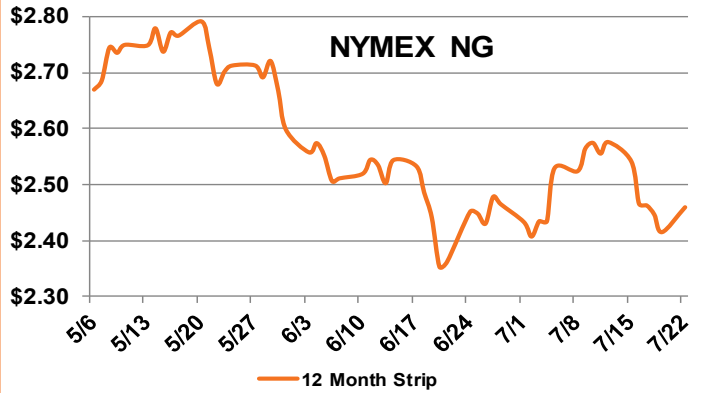
Summary: After losing more than 20 cents last week, the August prompt month gained more than 25% of that back yesterday, rising 6.1 cents and ultimately settling at \$2.312/MMBtu. This increase was shared across the board in the NYMEX market, with future gas prices through calendar strip 2022 all experiencing slight upward movement. Near-term weather forecasts show the cool front to continue in the southern and eastern parts of the U.S. until this weekend. Since these cooler temperatures are affecting major demand centers, total U.S. demand is expected to only reach 72.8 Bcf/d, a 1.6 Bcf/d decline from the month-to-date average. However, long term forecasts indicate the heat coming back as early August, and is forecasted to bring hot temperatures all the way from the Northeast to the Northwest. This hotter weather outlook is expected to be bullish for the market and could potentially create an uptick in demand, especially for cooling demand and power burn.

Bullish Factors

- High LNG exports
- Record demand levels
- Warmer weather forecast

Bearish Factors

- Record NG production
- Higher associated gas production
- Above-average storage injections



Next Day On-Peak Power (traded for 7/23/2019)

ISO-NE Mass Hub \$27.33	MISO Indiana Hub \$24.45	NYISO Zone G \$26.75
PJM West Hub \$24.72	ERCOT North \$34.16	CAISO SP15 \$51.49
NYMEX NG	Close	Change
Aug-19	2.312	0.061
Sep-19	2.293	0.065
12 Month	2.460	0.045
Cal 20	2.521	0.028
Cal 21	2.559	0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,533	2,471	2,242	2,676
Diff v. Current		62	291	-143
% Diff			13.0%	-5.3%

