

Early Morning Update:

The Aug19 natural gas contract is down \$0.04 at \$2.20. The Sep19 crude oil contract is up \$0.40 at \$56.42.

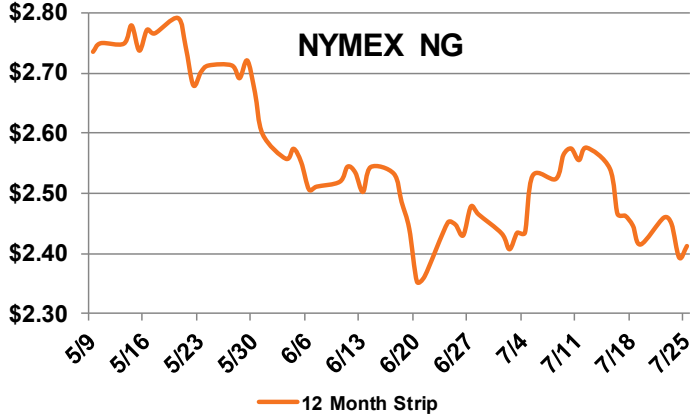
Summary: Yesterday the EIA reported an as-expected build into storage of 36 Bcf. The market saw little reaction as the prompt month rose \$.024 to close at \$2.244. Since topping out at a recent of \$2.453 on July 12, the prompt month has seen a slow and steady decline as weather forecasts have moderated somewhat. On the supply side, there has been some variability since daily levels hit nearly 90 Bcf on July 5. Production slowed down due to tropical storm activity and has been slow to reach pre-storm levels. Even so, a slight drop in demand due to moderating temps was enough for the market consensus of EOS storage estimates to now reach 3.7 Tcf, an increase of 50 Bcf or so. One real concern moving forward is whether NG production levels will grow, or even stay steady given the current low price environment. We see that it has been a challenging period for NG producers and falling prices only makes that worse.

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 7/26/2019)

ISO-NE Mass Hub \$29.98	MISO Indiana Hub \$29.75	NYISO Zone G \$26.43
PJM West Hub \$30.77	ERCOT North \$23.44	CAISO SP15 \$47.46
NYMEX NG		Change
Aug-19	2.244	0.024
Sep-19	2.227	0.025
12 Month	2.413	0.019
Cal 20	2.495	0.017
Cal 21	2.551	0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,569	2,533	2,269	2,720
Diff v. Current		36	300	-151
% Diff			13.2%	-5.6%

