

Early Morning Update

The Aug19 natural gas contract is flat to Friday's close at \$2.17. The Sep19 crude oil contract is up \$0.10 at \$56.30.

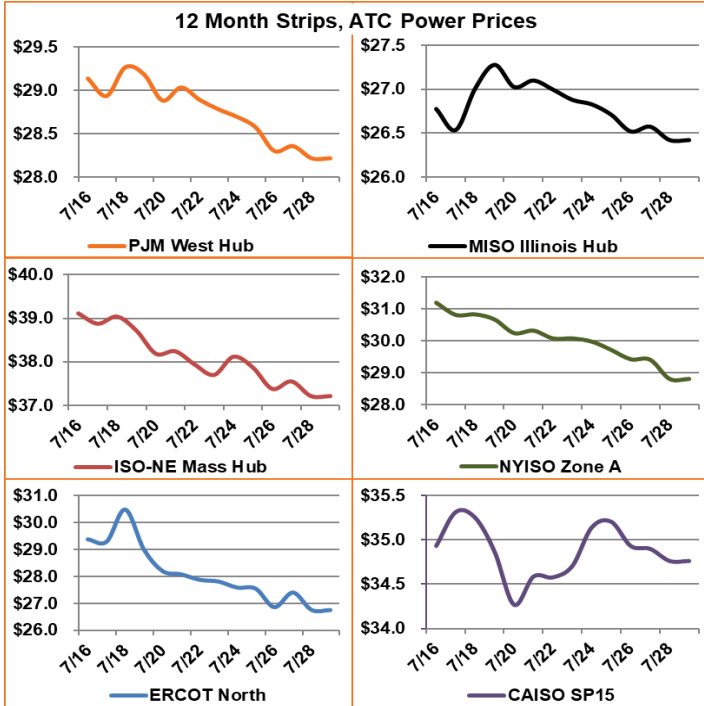
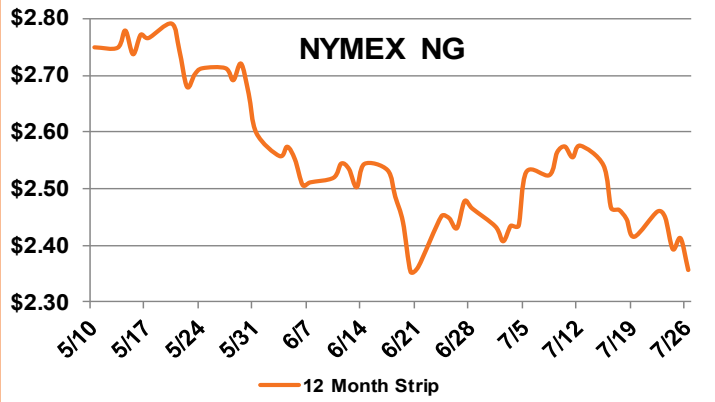
Summary: On Friday, the August 2019 NYMEX natural gas futures price dove further, falling 7.5 cents on the day to settle at \$2.169/MMBtu, the lowest price we have seen for the prompt month since May 2016, which closed at \$1.963. Weather continues to disappoint this summer, and contributes to the downward pressure on near-term pricing. Forecasts have moderated significantly over the last week, changing from the bullish heat predicted in the Northeast, a major demand center for natural gas, to mostly normal temperatures for the majority of that region into next month. The slightly warmer-than-normal temps in the Northeast appear to linger through the 1-10 day forecast, but not the extreme temps we were predicting just last week. Many of the major producers released their earnings last week. There seemed to be a trend, that when there was mention of an uptick in production, the stock price would fall in reaction, which may mean that shareholders do not want to hear about production increases in this low price environment. Currently, total U.S. production has averaged around 88.5 Bcf/d over the past two weeks, with expectations for more growth by the end of the year.

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 7/29/2019)

ISO-NE Mass Hub \$38.13	MISO Indiana Hub \$33.30	NYISO Zone G \$34.60
PJM West Hub \$34.03	ERCOT North \$34.50	CAISO SP15 \$42.73
NYMEX NG		Change
Aug-19	2.169	-0.075
Sep-19	2.150	-0.077
12 Month	2.357	-0.056
Cal 20	2.458	-0.037
Cal 21	2.540	-0.011

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%

