

Early Morning Update

The Sep19 natural gas contract is trading up \$0.04 at \$2.18. The Sep19 crude oil contract is up \$0.58 at \$58.63.

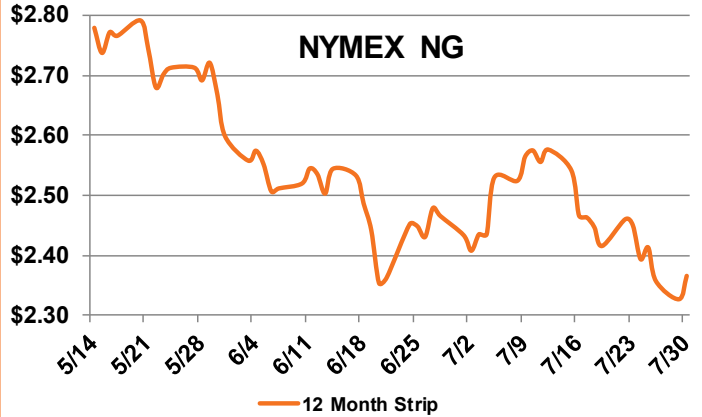
Summary: The September 2019 NYMEX natural gas futures contract settled 2.1 cents higher yesterday to close at \$2.137/MMBtu while the October 2019 NYMEX natural gas futures contract also rose 2.5 cents, closing at \$2.160. Demand for natural gas via power burns has been strong through the month of July 2019, averaging just over 40.5 Bcf/d, a 4% increase over July 2018. However, a more moderate weather pattern is set to take hold for the bulk of the Midwest and East Coast which will tamp down demand for at least the start of August. Modeled demand estimates for power burn for Wednesday, 7/31 show a drop of 2 Bcf/d, mainly driven by the Midwest and Northeast regions. The U.S. Energy Information Administration's natural gas storage report scheduled for release tomorrow is expected to be larger than last year's report for the same period, but is expected to be the third in a row that falls short of the 5-year average.

Bullish Factors

- High LNG exports
- Record demand levels

Bearish Factors

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



Next Day On-Peak Power (traded for 7/31/2019)

| ISO-NE Mass Hub \$39.01 | MISO Indiana Hub \$29.20 | NYISO Zone G \$33.64 |
|----------------------------|-----------------------------|-------------------------|
| PJM West Hub \$29.34 | ERCOT North \$28.34 | CAISO SP15 \$37.09 |
| NYMEX NG | | Change |
| Sep-19 | 2.137 | 0.021 |
| Oct-19 | 2.160 | 0.021 |
| 12 Month | 2.365 | 0.017 |
| Cal 20 | 2.448 | 0.013 |
| Cal 21 | 2.535 | 0.004 |

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% |

