

Early Morning Update

The Sep19 natural gas contract is trading up \$0.08 at \$2.31. The Sep19 crude oil contract is down \$1.98 at \$56.60.

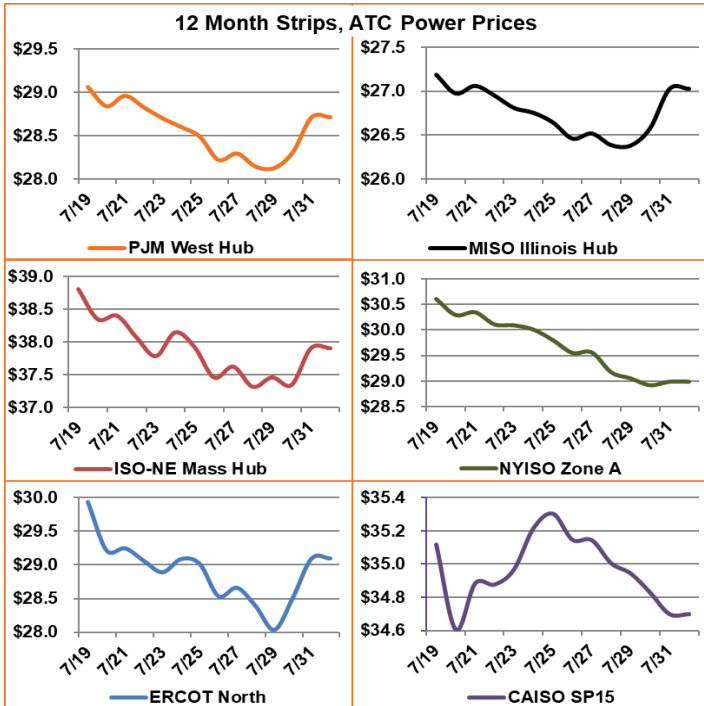
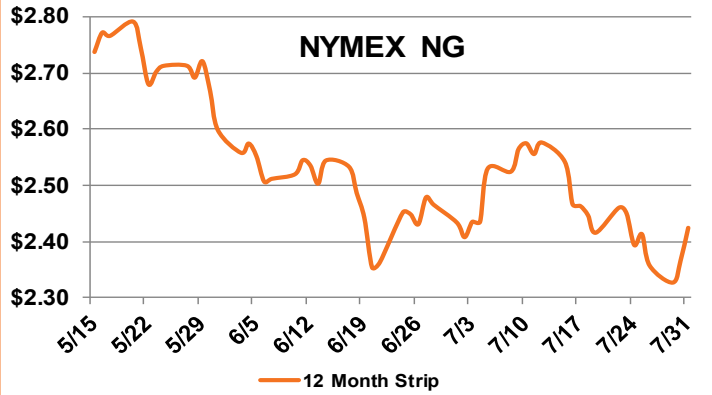
Summary: The September NYMEX natural gas contract settled at \$2.233/MMBtu yesterday, gaining almost ten cents amid warmer weather forecasts. This upward movement was shared throughout the NYMEX pricing curve, as the balance of 2019 gained around eight cents, and forward calendar strips through 2025 moved up slightly. Market consensus predicts an injection of 52 Bcf to be reported by the U.S. Energy Information Administration in the weekly natural gas storage report coming out later today. If this injection level actualizes, then it would beat the 5-year average of 37 Bcf, and contribute to cutting down the deficit once again. This above-average injection is anticipated to be the same case next week, as production is expected to continue to stay at higher levels, while demand declines. Over the next two weeks, dry production is predicted to average 88.9 Bcf/d, while demand drops down from yesterday's 76.9 Bcf to 73 Bcf/d. Short-term weather forecasts over the next 20 days show warmer temperatures throughout the West and Southwest. Since this heat would be affecting major demand centers like Texas and California, it could introduce some volatility into the index markets.

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 8/1/2019)

ISO-NE Mass Hub \$32.47	MISO Indiana Hub \$30.13	NYISO Zone G \$30.11
PJM West Hub \$29.50	ERCOT North \$30.08	CAISO SP15 \$36.16
NYMEX NG		Change
Sep-19	2.233	0.096
Oct-19	2.250	0.090
12 Month	2.424	0.059
Cal 20	2.488	0.040
Cal 21	2.544	0.009

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%

