

Early Morning Update

The Sep19 natural gas contract is trading down \$0.09 at \$2.11. The Sep19 crude oil contract is up \$1.20 at \$55.15.

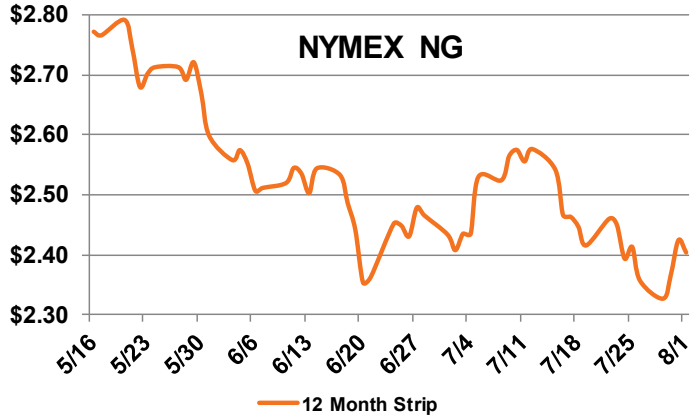
Summary: Yesterday saw a dose of volatility at the front of the NYMEX curve as the prompt month traded in a wide range: A low of \$2.162 and a high of \$2.333 before finally settling at \$2.202, down \$0.031 on the day. The market started the day with a rally, up roughly 10c in early trading but then the EIA reported a larger-than-expected build into storage of 65 Bcf and the market took a nose dive. The build was decidedly bearish and adds to concerns that the supply/demand balance is loose. Looking at weather forecasts, it appears as though the risk of extremely high power burns has subsided as temperatures are moderating. On the power side, the current weather forecasts give little reason for alarm considering how low index prices have been, even during periods of very high temperatures and demand. Of course weather forecasts change, and summer is still a ways from being over.

Bullish Factors

- High LNG exports
- Record demand levels

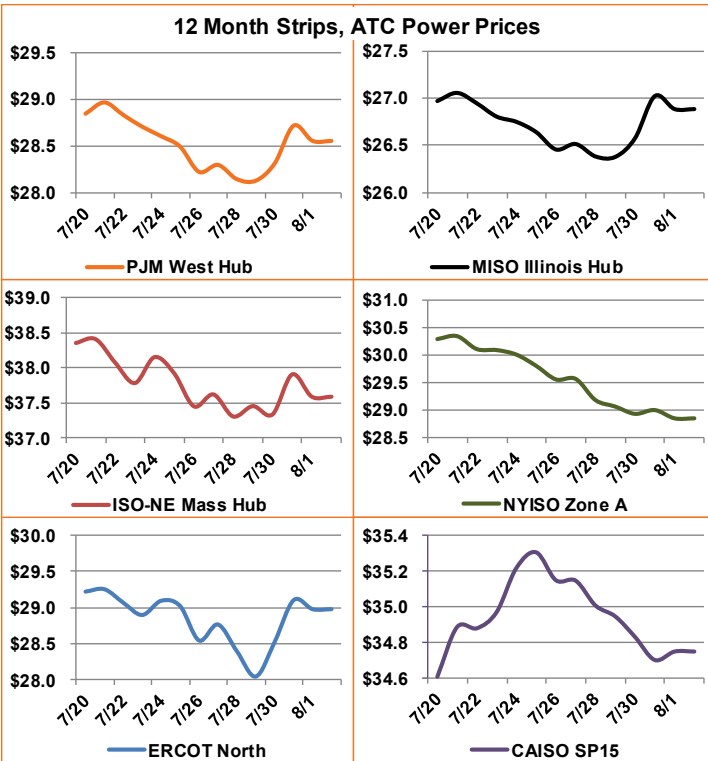
Bearish Factors

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



Next Day On-Peak Power (traded for 8/2/2019)

ISO-NE Mass Hub \$29.53	MISO Indiana Hub \$30.17	NYISO Zone G \$30.11
PJM West Hub \$27.94	ERCOT North \$26.96	CAISO SP15 \$36.50
NYMEX NG		Change
Sep-19	2.202	-0.031
Oct-19	2.212	-0.038
12 Month	2.404	-0.021
Cal 20	2.477	-0.011
Cal 21	2.550	0.006



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,634	2,569	2,300	2,757
Diff v. Current		65	334	-123
% Diff			14.5%	-4.5%

