

Early Morning Update

The Sep19 natural gas contract is trading down \$0.08 at \$2.04. The Sep19 crude oil contract is down \$1.11 at \$54.55.

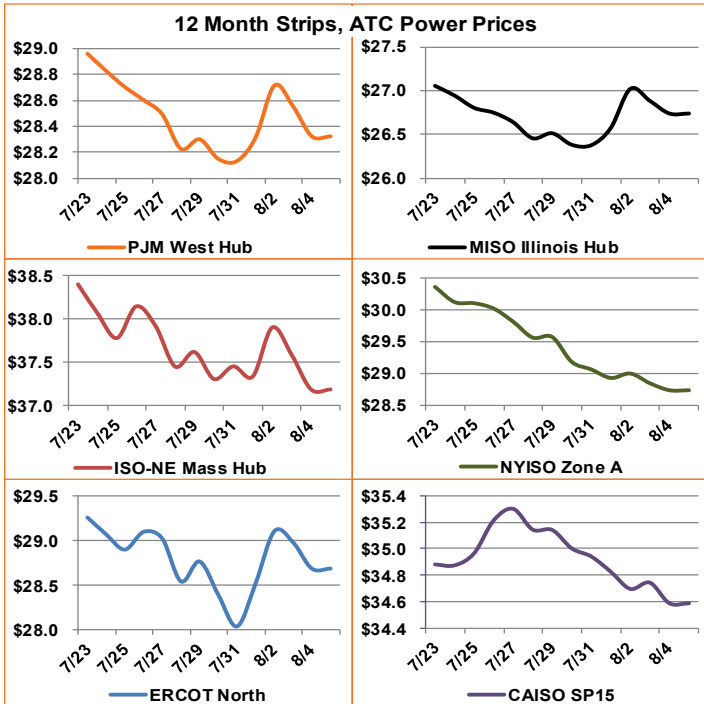
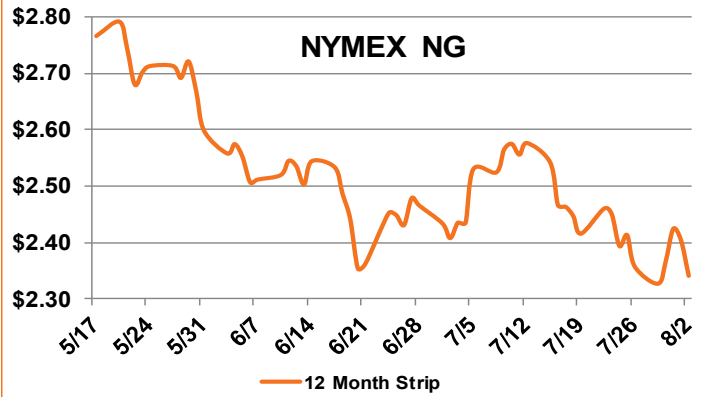
Summary: On Friday, the natural gas prompt month tumbled 8.1 cents to settle at \$2.121/MMBtu. The combination of a bearish storage report, the retreat of heat from the Northeast, and record-setting production have continued to provide downward pressure to near-term pricing. Last week, there was an explosion on the Texas Eastern Transmission (TETCO) pipeline, causing a loss of 1.6 Bcf/d, which affected some flows to the south. However, this was short-lived, as producers were able to reroute the gas. LNG exports seem to be affected by this event, falling week-over-week, and could remain down until those flows are back to normal on TETCO. On Saturday, U.S. dry production reached a new all-time high of 90.4 Bcf/d. The bolstered heat in the Northeast, a major U.S. demand center for natural gas, is retreating, with the majority of the heat trapped in the West over the next week. In the 6-15 day forecasts, the heat moves to blanket the southern half of the country. Texas is another demand center for natural gas, so the heat should push up cooling demand and power burn levels in the region, which could lead to a potential increase in near term pricing if the heat continues.

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 8/5/2019)

ISO-NE Mass Hub \$28.25	MISO Indiana Hub \$34.34	NYISO Zone G \$28.00
PJM West Hub \$31.59	ERCOT North \$31.14	CAISO SP15 \$56.91
NYMEX NG		Change
Sep-19	2.121	-0.081
Oct-19	2.130	-0.082
12 Month	2.341	-0.063
Cal 20	2.425	-0.052
Cal 21	2.530	-0.020

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%

