

Early Morning Update

The Sep19 natural gas contract is trading down \$0.05 at \$2.07. The Sep19 crude oil contract is up \$0.73 at \$53.27.

Summary: A small rally at the front of the NYMEX curve yesterday as the prompt month closed higher by \$.045 to settle the day at \$2.128. The primary driver to prices yesterday was the announcement of a disappointing injection into storage of only 55 Bcf, 5-7 Bcf below expectations. The market also seems to have found a good support level at \$2.10 as the prompt month has tried and failed to sustain trading below that level. With the market opening below \$2.10 today, it will be interesting to see if we can close below \$2.10.

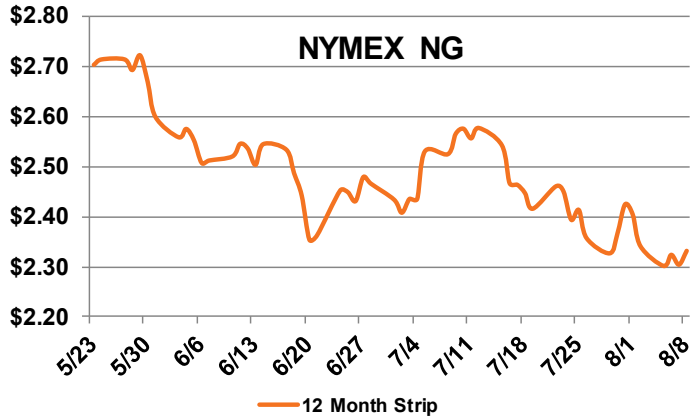
From the most recent weather forecasts, it does appear that demand will pick up in the 2nd half of August as temps are currently being forecast to rise. Whether this results in higher prices is yet to be seen but so far, production has been able to keep pace with the high demand this summer. But ongoing low prices have been a problem for producers and the risk that production slows down is real.

Bullish Factors

- High LNG exports
- Record demand levels

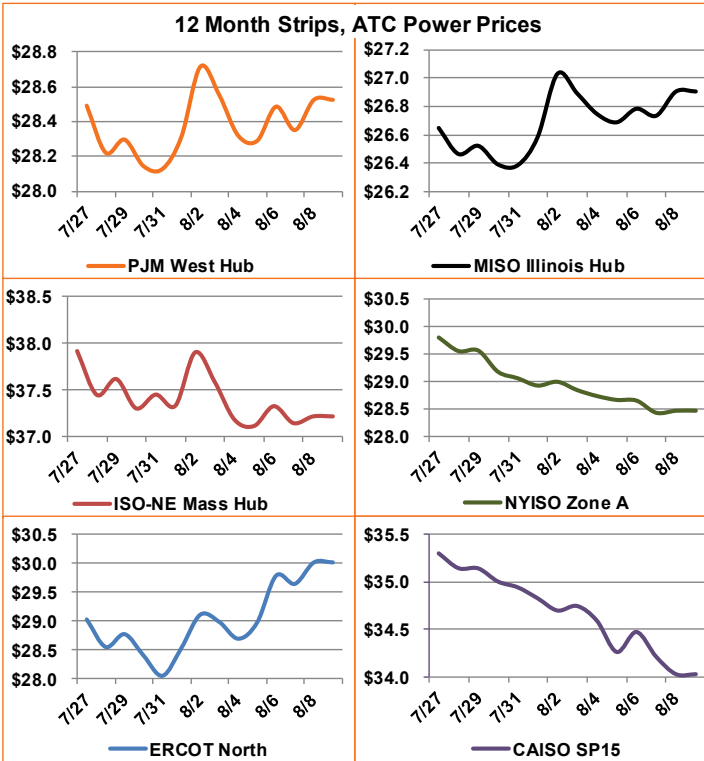
Bearish Factors

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



Next Day On-Peak Power (traded for 8/9/2019)

ISO-NE Mass Hub \$28.64	MISO Indiana Hub \$27.03	NYISO Zone G \$27.00
PJM West Hub \$27.00	ERCOT North \$29.90	CAISO SP15 \$26.83
NYMEX NG		Change
Sep-19	2.128	0.045
Oct-19	2.146	0.047
12 Month	2.331	0.028
Cal 20	2.399	0.014
Cal 21	2.488	-0.002



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,689	2,634	2,346	2,800
Diff v. Current		55	343	-111
% Diff			14.6%	-4.0%

