

Early Morning Update

The Sep19 natural gas contract is trading up \$0.02 at \$2.13. The Sep19 crude oil contract is down \$0.43 at \$54.50.

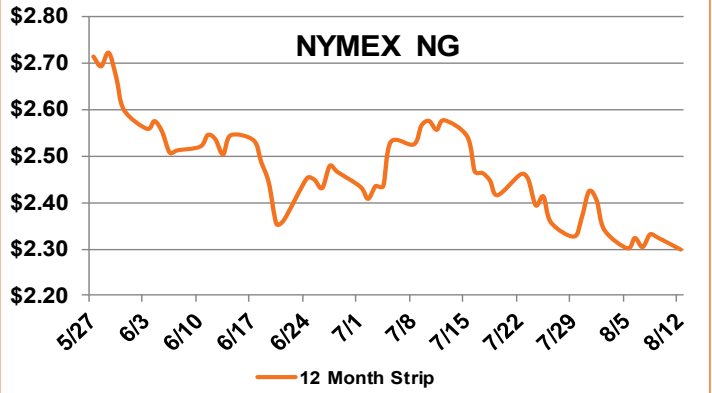
Summary: Despite higher power burns and increasing demand, the short-term natural gas market fell a few cents yesterday. After trading as high as \$2.157/MMBtu, the September contract settled just above the prompt month's three-year low at \$2.105, 1.4 cents lower day-over-day. Strong storage and bearish preliminary forecasts for fall have started to put downward pressure on the winter gas contracts, as well. Both January and February each fell about a penny closer to their lows, settling at \$2.52 and \$2.49, respectively. The bearishness extended through the entire NYMEX curve, as 2020, 2021, 2022, and 2025 calendar strips all reached fresh all-time lows, and the 2023 and 2024 calendar strips are only pennies away from their record lows. ERCOT stole the power market spotlight yesterday, setting a new all-time peak demand record at 74,616 MWs. Real-time prices in the 15-min market across TX responded as such, surpassing \$6,500 in the afternoon. Similar weather and load conditions are expected for today, as ERCOT is forecasting to set another all-time peak demand record.

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 8/13/2019)

ISO-NE Mass Hub \$30.59	MISO Indiana Hub \$32.09	NYISO Zone G \$29.95
PJM West Hub \$30.18	ERCOT North \$36.95	CAISO SP15 \$38.26
NYMEX NG	Close	Change
Sep-19	2.105	-0.014
Oct-19	2.117	-0.016
12 Month	2.299	-0.026
Cal 20	2.365	-0.030
Cal 21	2.454	-0.026

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%

