

Early Morning Update

The Sep19 natural gas contract is down \$0.03 at \$2.20. The Sep19 crude oil contract is down \$0.12 at \$54.35.

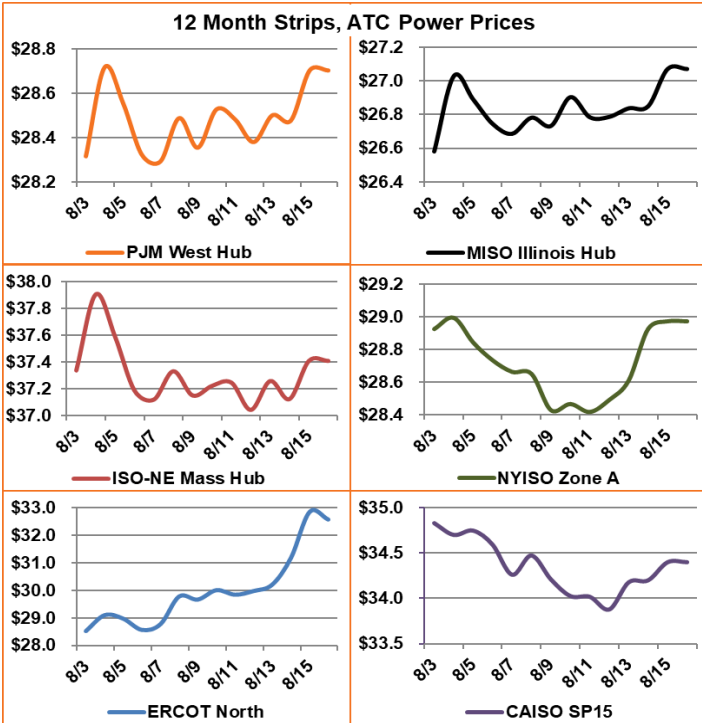
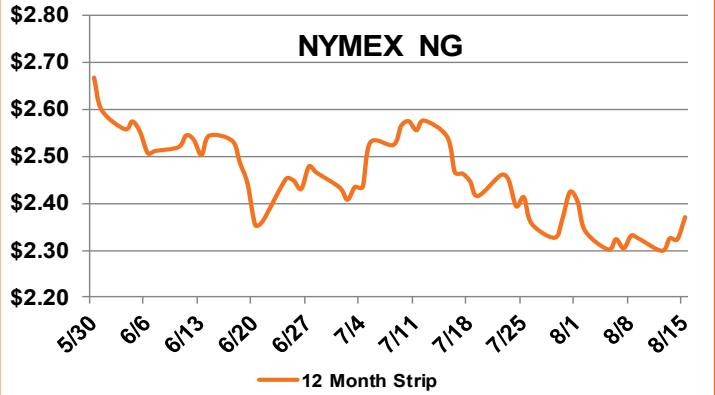
Summary: On the heels of a storage report that didn't come close to market expectations, the NYMEX natural gas contract had its biggest one-day gain since the beginning of the month. The U.S. Energy Information Administration reported yesterday that natural gas storage inventories grew by 49 Bcf in the week to August 9. This was about 10 Bcf less than the market anticipated, tied the five-year average injection, but did eclipse the 35 Bcf build seen last year for the corresponding week. Storage stockpiles now stand at 2,738 Bcf, 357 Bcf (15%) above last year at this time, but still 111 Bcf (4%) below the five-year average. After demonstrating incredible bearishness for the past few weeks, the prompt month showed signs of life yesterday, first trading up about three cents in the morning, then spiking up about seven cents on the storage news, before eventually settling at \$2.232/MMBtu, up almost nine cents on the day. Only the front of the NYMEX curve saw the run-up yesterday, as prices beyond 2020 fell, with the 2021-2025 calendar strips falling, yet again, to fresh all-time lows.

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 8/16/2019)

ISO-NE Mass Hub \$27.69	MISO Indiana Hub \$27.85	NYISO Zone G \$26.61
PJM West Hub \$28.79	ERCOT North \$36.09	CAISO SP15 \$33.07
NYMEX NG		Change
Sep-19	2.232	0.089
Oct-19	2.237	0.083
12 Month	2.370	0.047
Cal 20	2.407	0.025
Cal 21	2.444	-0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,738	2,689	2,381	2,849
Diff v. Current		49	357	-111
% Diff			15.0%	-3.9%

