

Early Morning Update

The Sep19 natural gas contract is down \$0.05 at \$2.15. The Sep19 crude oil contract is up \$0.53 at \$55.40.

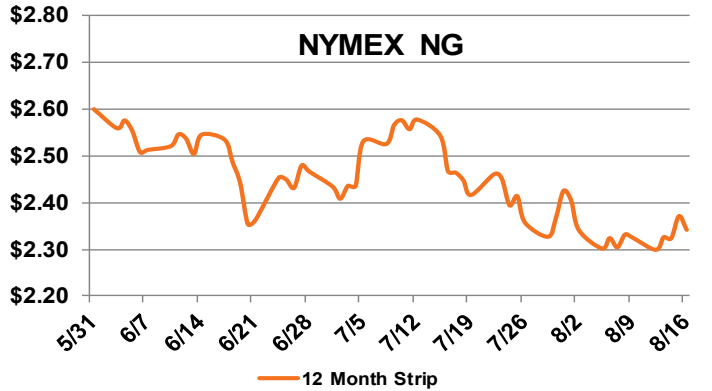
Summary: On Friday, the September 2019 NYMEX natural gas futures price moved lower, falling 3.2 cents on the day to settle at \$2.200/MMBtu. This downward movement by the prompt month followed a disappointing injection into storage last Thursday, that had pushed pricing up nine cents. Early this week, warmer-than-normal temperatures are set to return to the Northeast, a major demand center for natural gas, with normal temps to follow through the beginning of September. Cooler temps creep into the middle of the country over the next couple of weeks, with the majority of the heat remaining in the West. This month, U.S. dry production is expected to average the highest it has ever been since production tracking began. Over the past week, production averaged just over 90 Bcf/d, and seems to overshadow the warmer weather that is set to return to the Northeast. Many of the larger producers' positions in the U.S. are highly hedged through the end of 2019. However, looking into 2020, these hedge levels fall off significantly, bringing into question whether production will be able to maintain record levels next year.

Bullish Factors

- High LNG exports
- Record demand levels
- Hot weather

Bearish Factors

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



Next Day On-Peak Power (traded for 8/19/2019)

ISO-NE Mass Hub \$42.40	MISO Indiana Hub \$38.50	NYISO Zone G \$37.75
PJM West Hub \$39.46	ERCOT North \$31.51	CAISO SP15 \$33.09
NYMEX NG	Close	Change
Sep-19	2.200	-0.032
Oct-19	2.207	-0.030
12 Month	2.341	-0.029
Cal 20	2.379	-0.028
Cal 21	2.424	-0.020

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%

