

Early Morning Update

The Sep19 natural gas contract is trading down \$0.03 at \$2.13. The Oct19 crude oil contract is down \$1.60 at \$53.75.

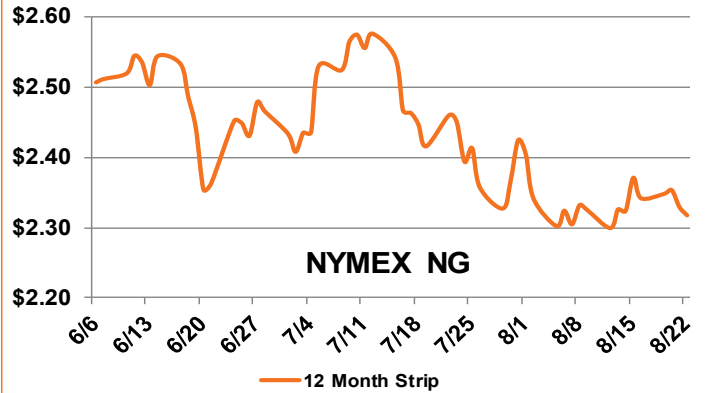
Summary: On the heels of a relatively flat storage report and cooler temperatures across a wide swath of the country, the September natural gas contract slipped 1.1 cents on Thursday, settling at \$2.159/MMBtu. The 2021-2025 calendar strips, yet again, also reached fresh all-time lows, while 2020 remains less than a penny above its record floor. Yesterday, the U.S. Energy Information Administration reported that natural gas storage stockpiles grew by 59 Bcf in the week to Aug. 16, just one Bcf less than the consensus of market estimates. Current end-of-season projections put inventories at 3,786 Bcf, which would be a 1.5% surplus to the five-year average going into next winter. Any changes to current strong production could alter the end-of-season outlook, but, in any case, it looks like storage levels will be at very healthy levels and should have very little impact on pricing. Natural gas rig counts have been on the decline, down six on the week and falling to 199, the first time the number of gas rigs dipped below 200 since the last week of April 2017. Drilling activity is forecast to be flat next year.

Bullish Factors

- High LNG exports
- Record demand levels
- Hot weather

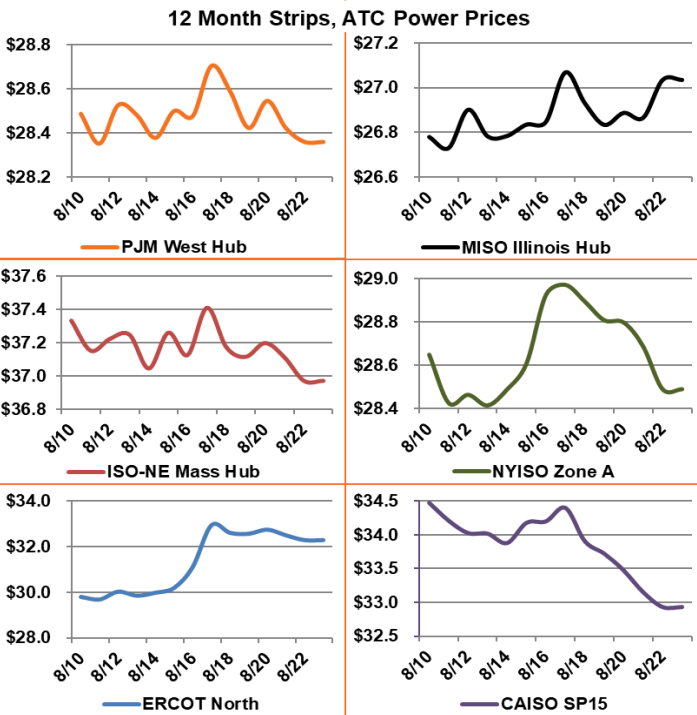
Bearish Factors

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



Next Day On-Peak Power (traded for 8/23/2019)

ISO-NE Mass Hub \$26.63	MISO Indiana Hub \$25.51	NYISO Zone G \$26.00
PJM West Hub \$24.58	ERCOT North \$32.32	CAISO SP15 \$30.07
NYMEX NG	Close	Change
Sep-19	2.159	-0.011
Oct-19	2.163	-0.014
12 Month	2.317	-0.012
Cal 20	2.371	-0.010
Cal 21	2.414	-0.011



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,797	2,738	2,428	2,900
Diff v. Current		59	369	-103
% Diff			15.2%	-3.6%

