

Early Morning Update

The Oct19 natural gas contract is trading down \$0.02 at \$2.27. The Oct19 crude oil contract is down \$0.58 at \$56.13.

Summary: The NYMEX prompt rallied somewhat yesterday, closing higher by \$.074 to finish the day at \$2.296. This is the highest prompt month settle since July 23. The prompt month has been marching slowly but steadily higher since it's low on August 5 when it closed at \$2.083. The move higher partly reflects concerns that the price of gas had fallen below the cost to actually produce the gas and that production was at risk of slowing down as a result.

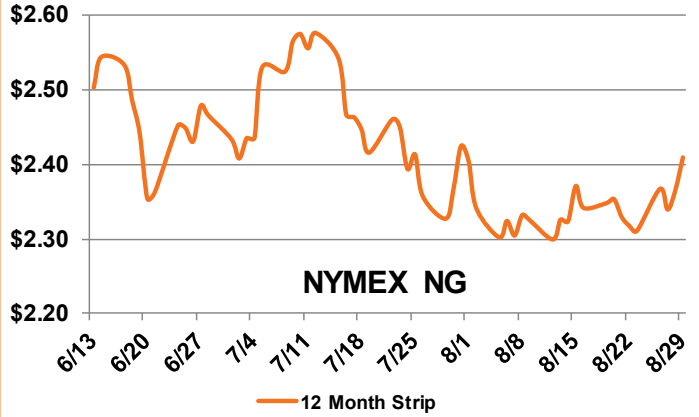
Also yesterday, the EIA reported a build into storage of 60 Bcf, slightly higher than expectations. That leaves storage a mere 100 Bcf behind the 5-year average. This is a remarkable turnaround considering in early March, the deficit to the 5-year average was 565 Bcf, and we've had a very hot summer. Forecasts continue to show that the deficit will be erased by the time injection season is over, leaving the US with a healthy reserve of gas entering winter.

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 8/30/2019)

ISO-NE Mass Hub \$25.99	MISO Indiana Hub \$27.68	NYISO Zone G \$26.58
PJM West Hub \$26.63	ERCOT North \$48.00	CAISO SP15 \$35.00

NYMEX NG	Close	Change
Oct-19	2.296	0.074
Nov-19	2.342	0.068
12 Month	2.409	0.036
Cal 20	2.433	0.023
Cal 21	2.477	0.017

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,857	2,797	2,494	2,957
Diff v. Current		60	363	-100
% Diff			14.6%	-3.4%

