

Introduction

As we are over half way through the summer season we have appreciated the short reprieve from the demands of the day to day as we had a chance to see how others live throughout the world. From the UK to Europe we noticed many differences in how

other countries use energy and how each individual and corporation are more environmentally conscious. It is our hope in the coming year that we take some of these lessons we have learned and implement positive change into our lives and businesses.

National News

Natural gas prices rose in the near-term but shows weakness further out as LNG exports rise. Hot July weather and global demand of LNG has lifted the front part of the NYMEX curve over the past month but

there is potential weakness in global LNG pricing that could send NYMEX prices falling this Fall. As we have stated many times, natural gas pricing (NYMEX) has more inherent risks for volatility of overseas risk factors.



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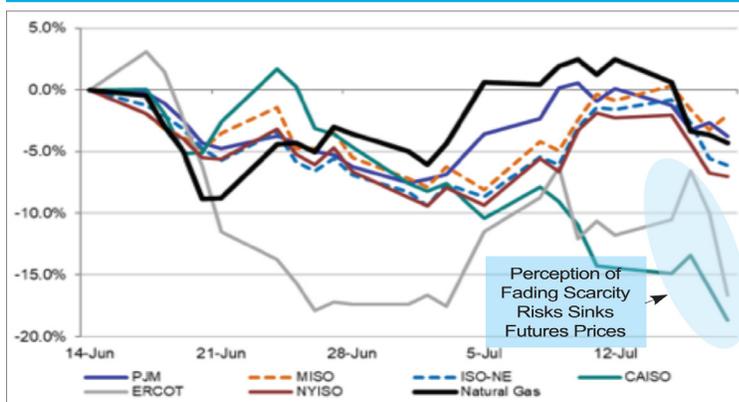
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Change in Wholesale Market and Natural Gas Prices for Balance of Cal 2019 Futures since June 14, 2019



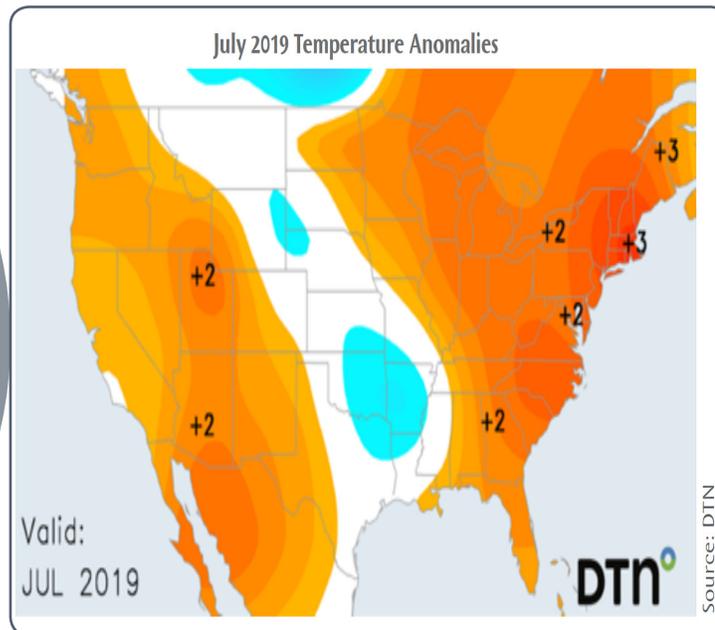
Source: EBW Analytics Group, Bloomberg

Weather

A mid-July heat wave restored upside price risk concerns to the market, with near-record temperatures in much of the Midwest and Northeast.

Although prices moved higher early- to mid-month, forecasts for cooler near-normal weather in early August helped to limit concerns in many regions.

August is still expected to be slightly above normal, but we expect the warm anomalies to be reduced by half of July's. With August predicted weather it will produce limited bullish catalysts to the energy markets.



Fall & Winter Energy Markets

Downward pressure this fall may set up the potential for upward pressure to develop this winter. The current storage outlook suggests that mid-November inventories could be at the second-lowest level of the past decade, trailing only last year. With oversupply conditions the new norm, the market is increasingly relying on nat-

ural gas flows, instead of storage, to meet increased winter heating demand. For end users, however, this carries increasing upward price risks: if very cold weather increases heating demand or results in widespread freeze-offs, a similar scenario to November 2018 price spikes could occur, resulting in sharp upward price risk.

Early weather indications for the Fall shows neutral weather conditions (just like Goldilocks prefers it, not too hot and not too cold but just right). With neutral weather conditions it could

put further downward pressure on pricing due to lack of heating and cooling demand. Keep in mind that the one thing that nobody can predict with 100% accuracy is the weather.

Fall

Gas in Storage in Second Week of July, Last Six Years (Bcf)
2019 storage level 143 Bcf below five-year average

