



Bullish

Driving Prices Up

Short-Term

Natural Gas—Storage Supply

- ◆ The injection of 44 Bcf was as expected. Currently, storage stands at 3,125 Bcf, which is 7% less than year-ago levels and 1% greater than the five year average.

Economy—Demand

- ◆ July's PMI came in at a 56.3, down from 57.8 in June. The overall economy grew for the 98th consecutive month.

Long -Term Drivers

Prices in '18

- ◆ EIA predicts higher pricing due to colder temps in Q1 than previous years, and also rising LNG exports (Cove Point).

Export Growth to Mexico

- ◆ Platts Analytics predicts US natural gas exports to grow by 58% by 2021—2016 averaged 2.1 Bcf/d, an additional 5.7 Bcf/d is expected to be added by 2021.

LNG Growth

- ◆ First LNG shipments began in March 2016 Platts Analytics predicts exports of 10.1 Bcf/d by 2020.

Bearish

Driving Prices Down

Short-Term

Natural Gas –Production Supply

- ◆ Baker Hughes reports natural gas rig count currently at 182, up 1 from last week and up more than 119% from last year at this time.

Texas—Far West Transmission

- ◆ Two 345 kV transmission line projects were approved. The projects will accommodate the growing demand from drilling and the expected addition of over 1,600 mW of solar farms by 2020.

Weather—Demand

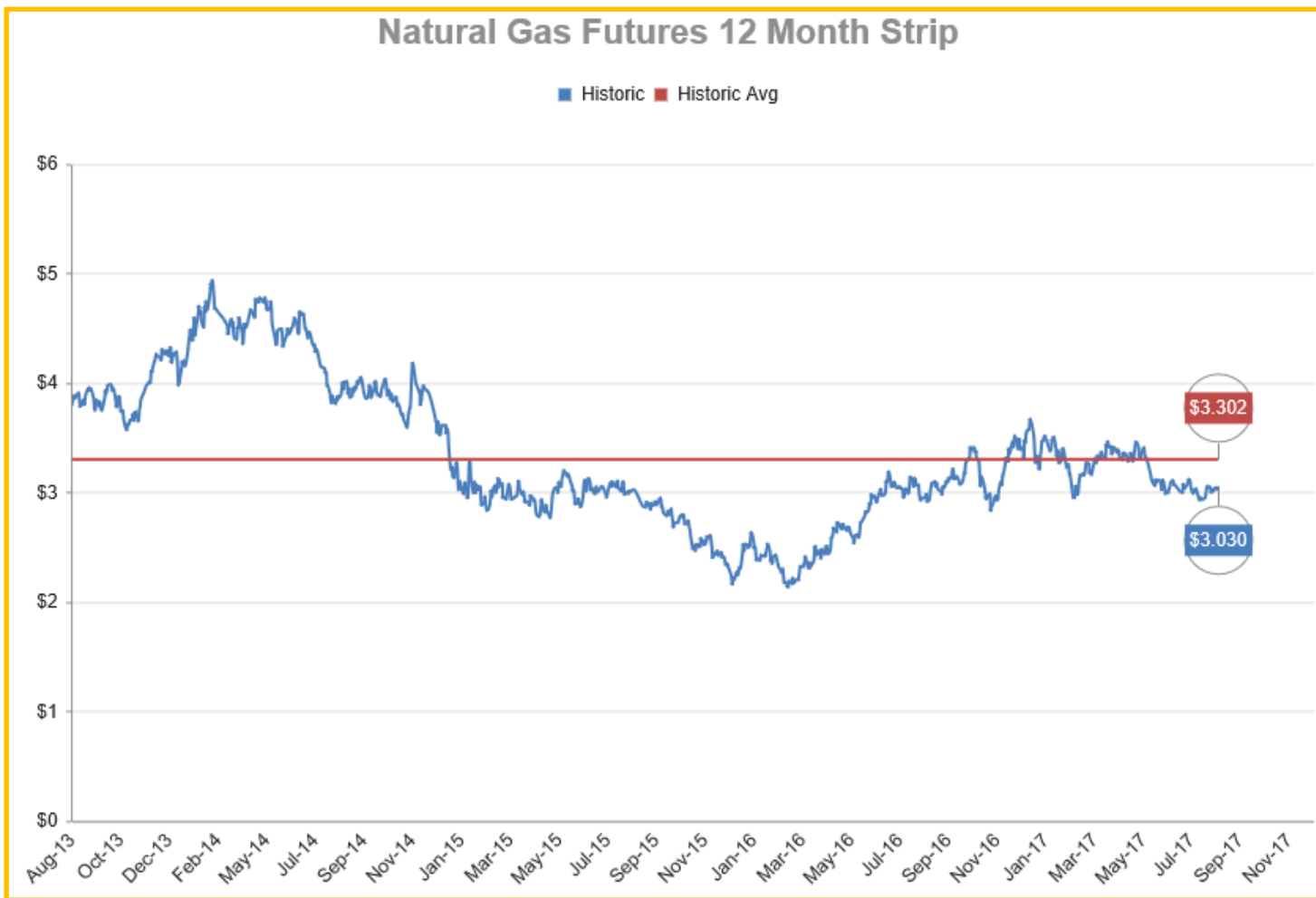
- ◆ Temperatures averaged 74° Fahrenheit, which was normal.

Long -Term Drivers

Wind Generation

- ◆ Capacity to grow more than 20% by 2019. The second most installed capacity in the nation occurred Q4 2016. Texas led the nation in projects and is home to half of the slated projects.

Current Market Pricing — Harvey couldn't move the market prices on the natural gas one year strip which hovered around \$3 per MMBtu.



Future Price Predictions—Rising natural gas consumption & rising LNG export volume has the EIA predicting higher prices in '18

