

PRICES

Nymex futures decrease. At the Nymex, the August 2018 contract price decreased 1¢ from \$2.84/MMBtu last Thursday, July 5, (July 4 was a holiday) to \$2.83/MMBtu yesterday. The price of the 12-month strip averaging August 2018 through July 2019 futures contracts remained unchanged.

Overall supply decreases. According to data from PointLogic Energy, the average total supply of natural gas fell by 1% compared with the previous report week. Dry natural gas production remained constant week over week while average net imports from Canada decreased by 5% from last week.

Overall demand decreases. Total U.S. consumption of natural gas fell by 1% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 4% week over week, led by a 15% decrease in the Northeast. A 26% increase in power burn in the Western region was not enough to offset this decrease. Industrial sector consumption increased by 1% week over week. In the residential and commercial sectors, consumption increased by 9%. Natural gas exports to Mexico increased 3%.

U.S. LNG exports increase week over week. Six LNG vessels (combined LNG-carrying capacity 22.4 Bcf) departed the United States from July 5 through July 11 (four from the Sabine Pass liquefaction terminal and two from the Cove Point terminal).

Near-month natural gas futures prices (Nymex)



STORAGE

Working gas stocks are on pace to end the refill season below the lower bound of the five-year range.

Net injections into storage are 17% lower than the five-year average rate so far in the 2018 refill season. If working gas stocks match the five-year average rate of injections for the remainder of the refill season, inventories will total 3,296 Bcf on October 31, compared with the five-year low of 3,560 Bcf for that time of year. Working gas stocks are currently 150 Bcf higher than the bottom of the five-year range, but working gas stocks are 10 Bcf and 24 Bcf lower than the five-year range in the East and Midwest regions, respectively. The South Central region posted working gas stocks 161 Bcf higher than the bottom of the five-year range.

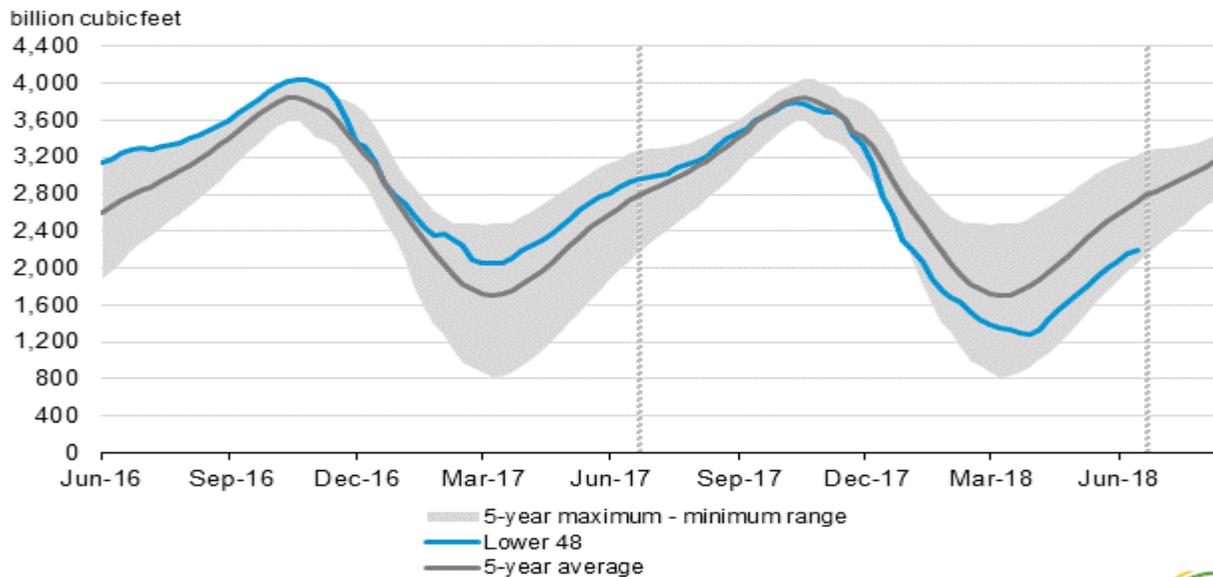
Temperatures are in the higher-than-normal range for the storage week. Temperatures in the Lower 48 states averaged 79 °F, 5°F higher than normal and 3°F higher than last year at this time. Temperatures were also 4°F higher than the level reported for the previous week.

Working Gas in Underground Storage Stocks

Region	billion cubic feet (bcf)		
	07/06/18	06/29/18	change
East	480	460	20
Midwest	477	455	22
Mountain	143	139	4
Pacific	260	257	3
South Central	843	841	2
Total	2,203	2,152	51

Source: U.S. Energy Information Administration

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



800.598.2046

www.standenergy.com

IN THE NEWS

Natural gas-fired electricity generation this summer expected to be near record high

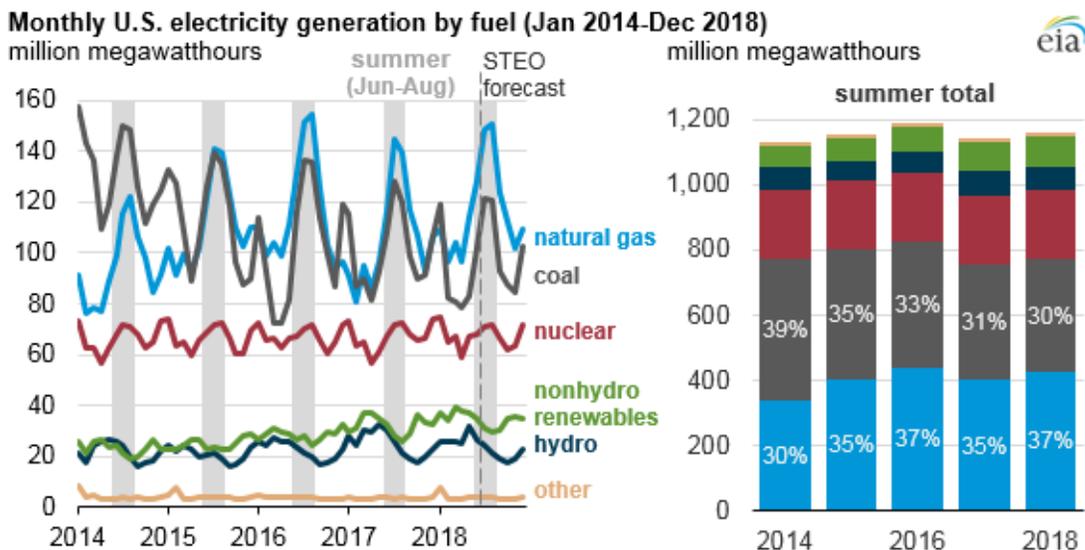
EIA's July 2018 Short-Term Energy Outlook (STEO) expects natural gas-fired power plants to supply 37% of U.S. electricity generation this summer (June, July, and August), near the record-high natural gas-fired generation share in summer 2016. EIA forecasts the share of generation from coal-fired power plants will drop slightly to 30% in summer 2018, continuing a multi-year trend of lower coal-fired electricity generation.

The share of electricity generation supplied by natural gas-fired power plants has increased over the past decade, while the share supplied by coal has fallen, primarily as a result of sustained low natural gas prices, increases in natural gas-fired capacity, and retirements of coal-fired generating capacity. Over the three-year period from 2015 to 2017, the cost of natural gas delivered to electric generators averaged \$3.16 per million Btu (MMBtu), compared with \$7.69/MMBtu between 2006 and 2008.

The combination of relatively low natural gas prices, environmental regulations, and supportive renewable energy policies has led the industry to build new natural gas-fired and renewable capacity and to retire coal-fired power plants. As reported on EIA's Preliminary Monthly Electric Generator Inventory, power plant operators added 5.4 gigawatts (GW) of new natural gas-fired generating capacity during the first four months of 2018 with an additional 15 GW scheduled to come online through the end of the year. This addition would be the largest increase in natural gas capacity since 2004. The electric industry also added 2.6 GW of new utility-scale solar and wind generating capacity during the first four months of the year, with an additional 9.6 GW scheduled to come online by the end of 2018. More than 10 GW of coal-fired capacity was retired over the 12-month period ending April 2018.

The largest changes in generation shares occur in the Midwest census region. During the summer of 2018, EIA expects natural gas will supply 20% of electricity in the Midwest, up from 15% last summer. The forecast share of generation from coal in the Midwest falls from 53% last summer to 49% this summer.

Unlike the rest of the country, natural gas generation in the West census region is forecast to decline this summer as renewable energy generating capacity increases. Nearly 2 GW of utility-scale solar generating capacity came online in the West census region during the 12 months ending in April. EIA forecasts the share of generation in the West from renewable sources other than hydropower will increase to 16% in summer 2018, up from 14% last summer.



800.598.2046

www.standenergy.com