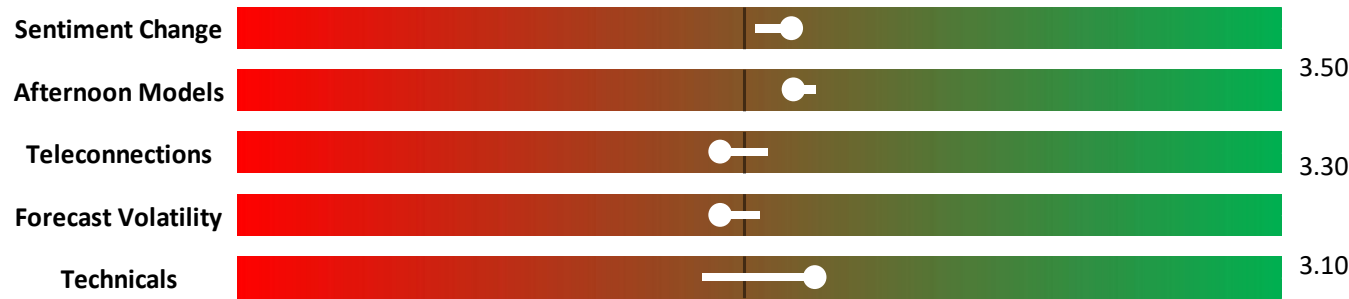




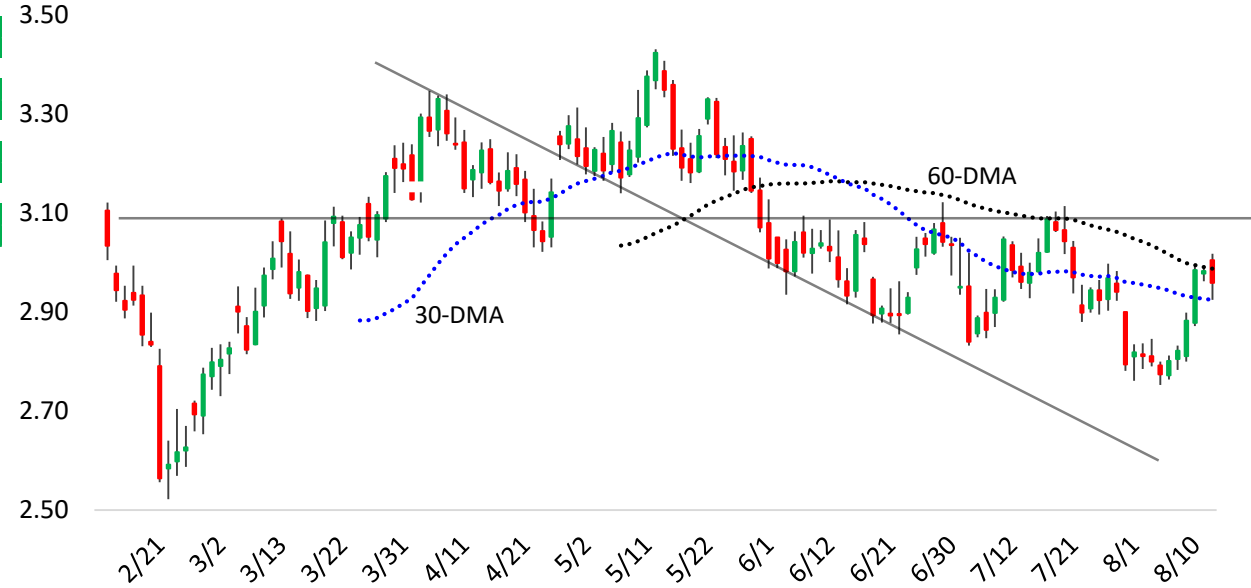
Report Summary: The September natural gas contract declined a bit less than a percent today, recovering through the afternoon after heavy selling this morning. We see prices bounced right off the 30-DMA but had a failed breakout above the 60-DMA. We see the weak end of day rally as a bullish development for prices, especially with weather forecasts remaining a bit bullish and the market staying tight. Any break of \$2.98 resistance tomorrow could bring \$3.1 rather quickly now.



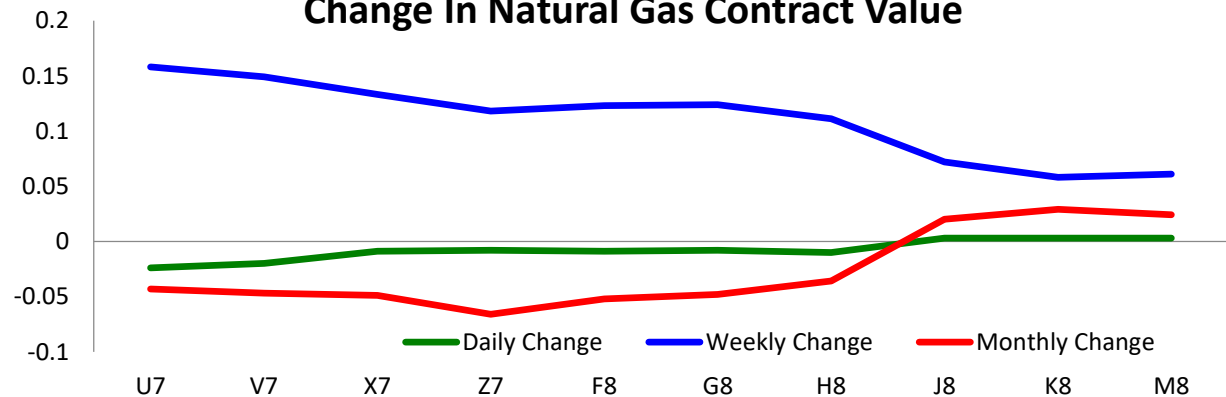
Afternoon Discussion

The natural gas market took traders for a bit more of a wild ride than they have been used to the last few months, as prices gapped open last evening but sold off on heavy volume this morning before bottoming and recovering into the settle. The result is a more bullish-looking candle that bounces off support, which seems to open up technical room to the upside tomorrow. However, technicals are not the only bullish factor we see for natural gas prices; weather model guidance continues to show sufficient bullish risk in the medium-term for prices to rise, as we are unsure if the market has fully priced in the heat risk we are seeing in the medium-range. Though a large storage injection will be announced Thursday thanks to the widespread cooler weather last week, heat returns late this week and dominates through next week, limiting injection size over the next couple of weeks and essentially ensuring that sometime in September the current storage surplus is erased. We do note that teleconnections and some climate models show cooler risks Week 3, and by the end of the week or into next week this could begin to limit upside for natural gas prices if confidence increases that these cooler trends arrive to end August and bring in September. Until then, however, we will finally see heat return into an already tight market. We note that heat will not be anything extraordinarily, as generally each day is likely to see one or at most two GWDDs above seasonal averages for this time of year, but it should still be enough to keep power burns elevated and limit any real downside from here for natural gas prices. Accordingly, our sentiment has turned back bullish, as we see room with these recent hotter forecasts for prices to rally and re-test resistance around the \$3.1 level that they have already run up against twice in the last few months.

Prompt Month Natural Gas



Change In Natural Gas Contract Value

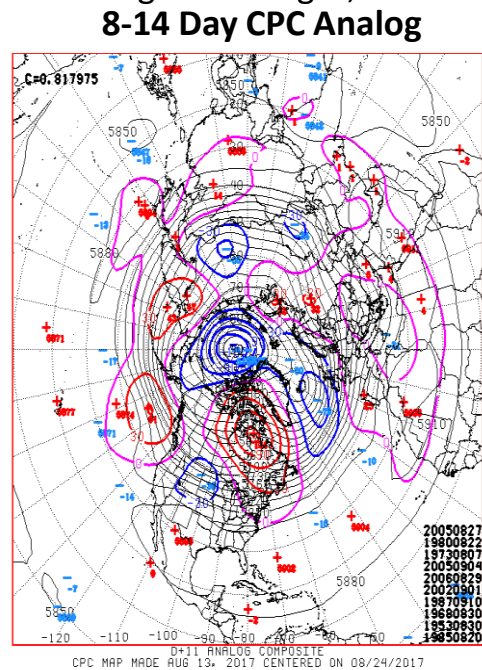




GWDD Trends: SLIGHTLY BULLISH

Key Takeaway: NWS CDD forecasts remained rather unchanged today as our forecasts ticked just a bit cooler near the tail end as heat risk decreased at some models. Still, much of the medium-term remains hot, and the bias is for demand to be above the 5-year and climatological averages, which should remain supportive.

Population Weighted Cooling Degree Days										
	Region	14 Aug	15 Aug	16 Aug	17 Aug	18 Aug	19 Aug	20 Aug	Total	Diff from Avg.
New England	1	5 5 5 6 5 6 5	8 6 5 5 4 4	7 7 5 5 3	4 5 3 6	3 4 4	3 4	3	33	-6 -15.38%
Mid Atlantic	2	6 5 5 5 6 7 7	9 7 5 6 6 6	9 8 7 6 5	8 8 6 6	8 8 7	7 8	7	54	3 5.88%
E N Central	3	5 4 4 4 4 4 4	7 7 5 4 4 4	9 9 7 6 4	11 10 8 7	8 8 8	7 7	7	54	8 17.39%
W N Central	4	6 6 4 4 5 4 4	8 9 6 6 5 5	10 10 9 7 6	8 9 10 9	7 8 9	7 8	8	54	-3 -5.26%
S Atlantic	5	14 14 14 14 14 14 14	15 14 13 14 14 13	16 15 13 13 13	17 15 14 13	17 16 14	16 16	15	110	15 15.79%
E S Central	6	12 12 12 12 13 12 11	14 13 12 11 11 11	15 14 13 12 11	16 15 14 13	15 15 14	14 14	14	100	10 11.11%
W S Central	7	19 19 19 18 18 17 17	20 20 19 19 18 17	20 20 20 19 18	20 20 20 20	20 20 20	20 19	20	139	16 13.01%
Mountain	8	10 10 10 10 10 10 11	8 9 10 10 10 10	8 9 10 10 10	9 10 10 11	10 11 11	10 11	11	66	-10 -13.16%
Pacific	9	4 5 6 7 7 7 8	3 3 5 6 7 7	4 6 7 7 7	7 8 8 8	8 9 9	9 9	8	43	-3 -6.52%
Cont. US	CONUS	9 9 9 9 9 9 10	10 10 9 9 9 9	11 11 10 10 9	12 12 11 11	11 12 11	11 11	11	75	5 7.14%



Historic GWHHDs									
	8/14	8/15	8/16	8/17	8/18	8/19	8/20		
2016	13	12	13	13	12	12	11		
2015	11	12	13	12	12	12	9		
2014	8	8	8	9	10	10	10		
2013	9	7	6	6	7	8	10		
2012	10	11	11	10	9	8	7		
2011	9	9	9	10	11	11	11		
2010	12	12	12	12	11	12	13		
2009	10	10	11	12	12	12	11		
2008	8	8	8	8	8	8	8		
2007	11	12	13	12	10	10	11		
2006	9	10	9	10	10	11	11		
2005	12	10	10	10	10	11	12		
2004	8	6	7	6	8	10	10		
2003	12	13	13	12	11	11	12		
2002	13	13	13	13	12	12	10		
2001	10	9	10	10	10	10	9		
2000	9	11	12	10	10	9	8		
1999	11	10	9	11	12	10	9		
1998	11	10	11	11	11	9	9		
1997	11	10	13	13	11	9	9		
1996	10	10	9	9	9	9	9		
1995	14	14	13	14	14	12	11		
1994	11	9	8	8	10	10	10		
1993	10	11	11	11	11	11	11		
1992	8	8	8	7	7	8	8		
1991	9	9	10	11	11	10	8		
1990	9	8	9	11	11	11	10		
1989	9	9	9	8	7	7	8		
1988	14	15	14	14	13	10	9		
1987	9	11	12	13	12	10	10		
1986	8	10	11	12	11	11	10		
1985	11	11	10	9	9	9	9		
1984	11	11	12	12	10	9	8		
1983	10	9	11	12	12	13	14		
1982	7	8	9	10	9	9	10		
1981	10	11	10	8	8	6	5		
AVG	10.2	10.2	10.5	10.5	10.3	10	9.72		

GWDDs	8/14	8/15	8/16	8/17	8/18	8/19	8/20	8/21	8/22	8/23	8/24	8/25	8/26	8/27	8/28	Total
New Forecast	9	10	11	12	11	11	11	11	12	12	12	12	11	11	10	166
AM Forecast	9	10	11	12	11	11	11	11	12	12	12	12	12	11	11	168
5-yr Avg	10.2	10	10.2	10	10	10	9.4	9.4	9.4	9.4	9.8	9.6	9.4	10	10.2	147
1981-2010 Avg	10.2	10.2	10.5	10.5	10.3	10.0	9.7	9.6	9.4	9.3	9.5	9.6	9.7	10.1	10.3	148.8
2016	13	12	13	13	12	12	11	10	9	9	10	11	11	11	12	169

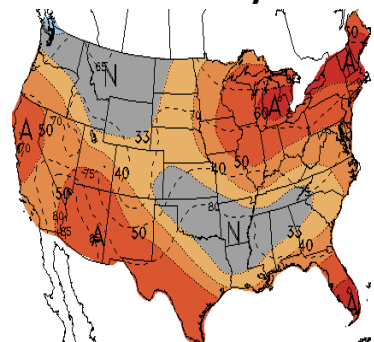


Forecast Trends: SLIGHTLY BULLISH

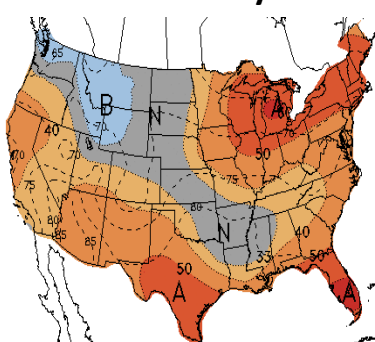
Coverage: **Today's Weather Changes**
Today's Prompt Nat Gas Daily Change: **-0.8%**
Today's Prompt Month Settle: **2.959**

Key Takeaway: CPC forecasts trended a bit warmer today, though CFSv2 climate guidance is back to trending colder for Week 3. The trend seems to be for the core of the heat to be in the middle of Week 2, with some cooler trends arriving by the end of Week 2. Still, some of this medium-term heat has yet to be fully priced in.

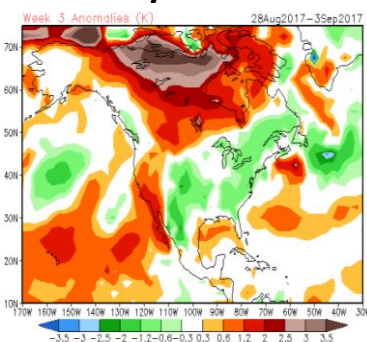
New 8-14 Day CPC



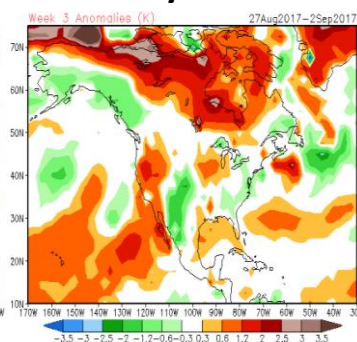
Old 8-14 Day CPC



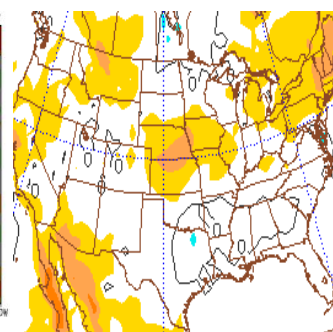
Today's CFSv2



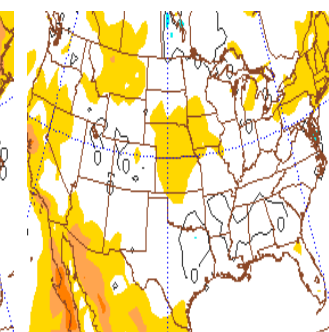
Yesterday's CFSv2



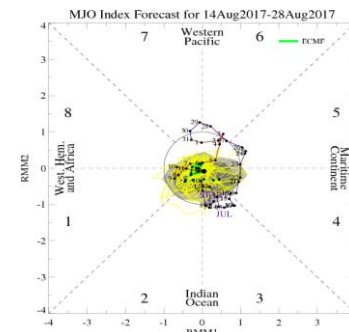
12z GFS D8-14



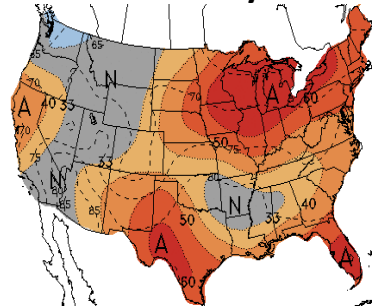
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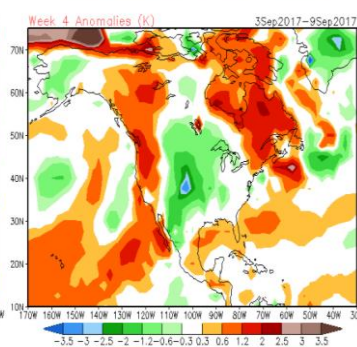
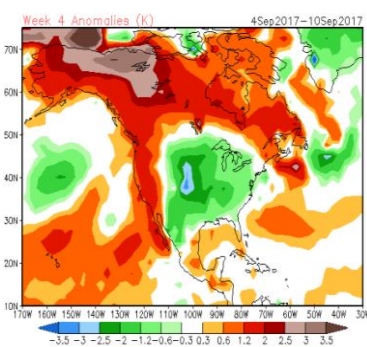
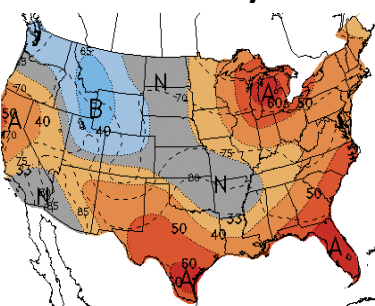
ECMWF MJO



New 6-10 Day CPC



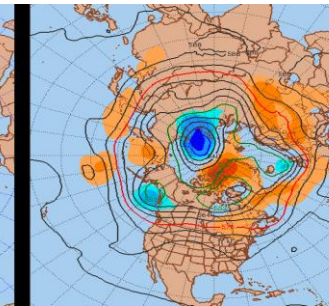
New 6-10 Day CPC



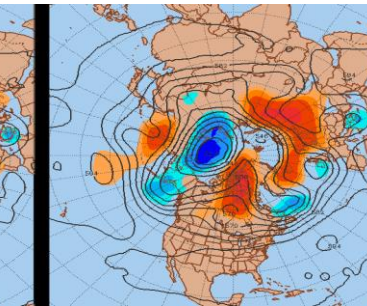
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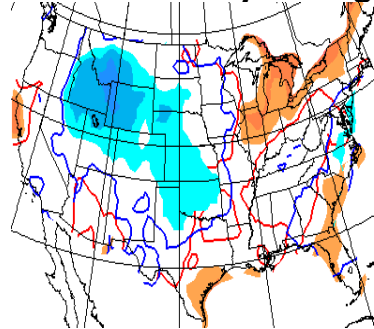
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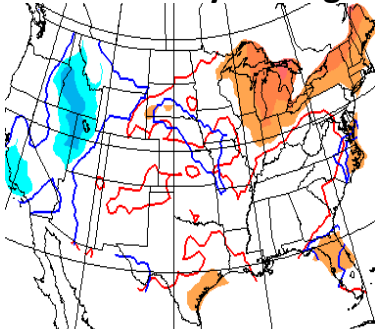
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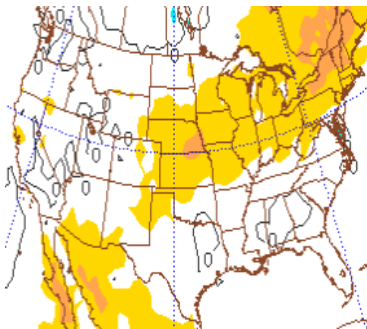
New 8-14 Day Analog



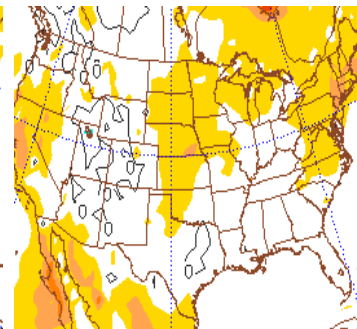
Old 8-14 Day Analog



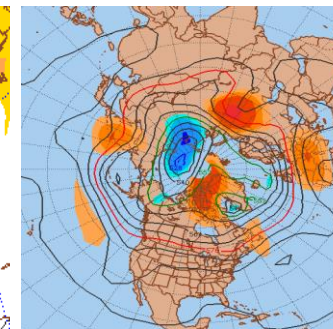
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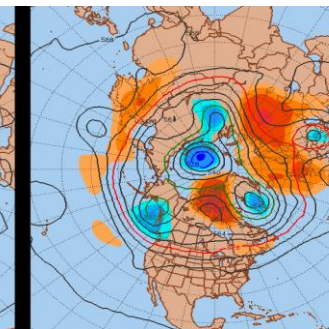
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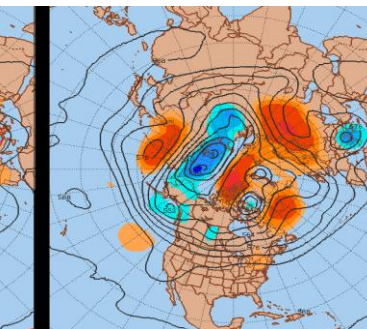
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0z GFS D8-10

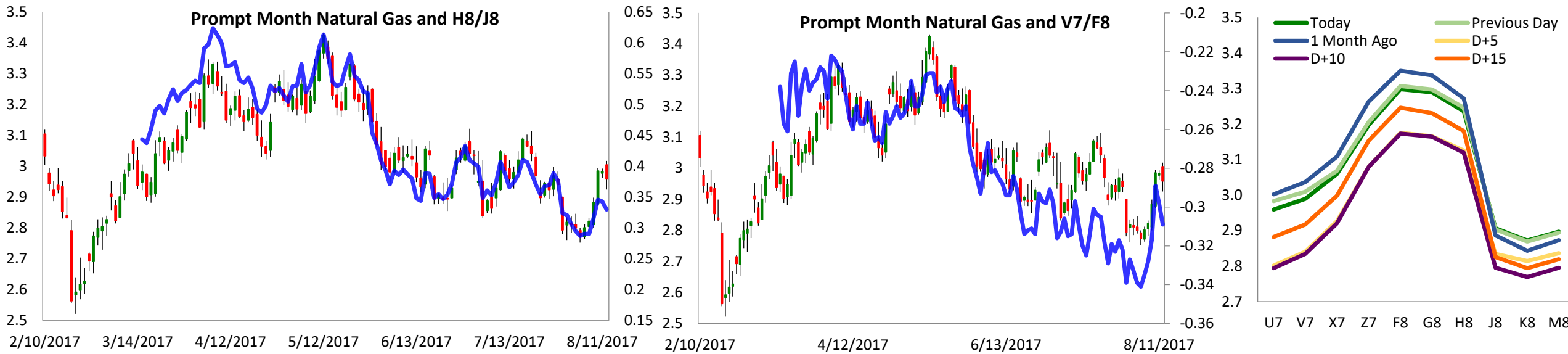


0z CMC D8-10





Report Summary: The September natural gas contract seemed to bounce perfectly off the prompt month 30-DMA today, finding support into the close. Though losses were heaviest at the front of the strip we saw the entire strip rally into the close, and H/J did not decline much at all on the day today. Seasonality typically turns a bit more bullish this time of year and we see trading ranges are gradually increasing as prices have rallied from their lows a couple weeks ago.





Afternoon Update Disclaimer and Key

Bespoke Weather Services, LLC believes all information contained in this report to be accurate, but we do not guarantee its accuracy. None of the information in this report or any opinions expressed constitutes a solicitation of the purchase or sale of any securities or commodities.

Key:

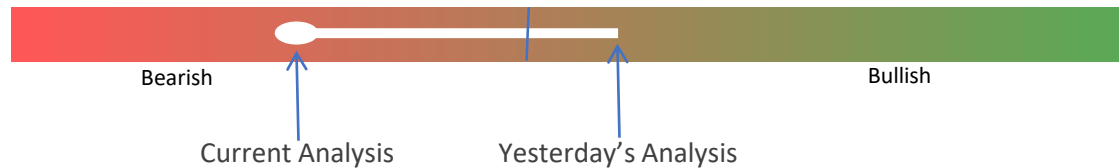
CFSv2: American climate model guidance

CPC: Climate Prediction Center

Analog: Previously occurring weather pattern that has similarities to the current one

GEFS: Global Ensemble Forecasting System, American modeling guidance

Teleconnections: Atmospheric indices that measure expected orientation both of upper and lower levels of the atmosphere (ie. MJO, NAO, AO, PNA, etc.)



MJO: Madden/Julian Oscillation, a measure of global convection (storminess) placement

GWDDs: Gas Weighted Degree Days (calculated by combining Population Weighted Cooling Degree Days (PWCDs) with Utility Gas Weighted Heating Degree Days (UGWHDDs))

ECMWF: European weather model

CMC: Canadian weather model

Note: All above information is part of this informational key, and is not updated daily. Page 1 contains all relevant daily updated material in the Morning Update.