

MARKET UPDATE

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Market News

Market Recap - Natural gas spot prices were mixed this report week (Wednesday, July 27, to Wednesday, August 3). The Henry Hub spot price rose from \$2.80 per million British thermal units (MMBtu) last Wednesday to \$2.88/MMBtu yesterday. At the New York Mercantile Exchange (Nymex), the August 2016 contract expired last Wednesday at \$2.672/MMBtu. The September 2016 finished the report week at \$2.839/MMBtu, up 17¢ Wednesday to Wednesday.

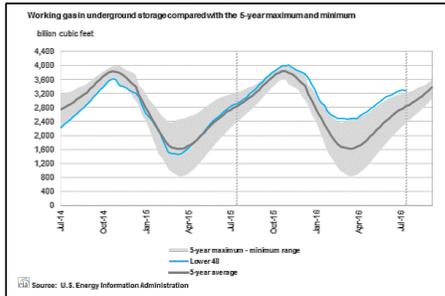
Storage Report - Working gas in storage was 3,288 Bcf as of Friday, July 29, 2016, according to EIA estimates. This represents a net decline of 6 Bcf from the previous week. Stocks were 389 Bcf higher than last year at this time and 464 Bcf above the five-year average of 2,824 Bcf.

Word on the Street - September Henry natural gas was lower overnight. Stochastics and the RSI are neutral to bullish signaling that sideways to higher prices are possible near-term. If September resumes the rally off July's low, July's high crossing at 2.990 is the next upside target. Closes below the 20-day moving average crossing at 2.735 are needed to confirm that a short-term top has been posted.

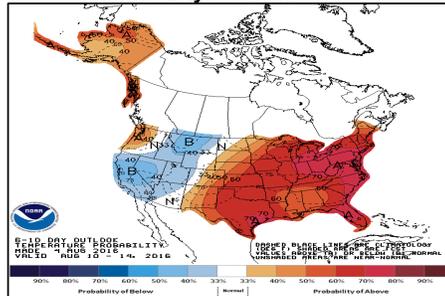
Observations - U.S. coal stockpiles are still at relatively high levels and only decreased 0.3% to 195 million tons from the previous month. Low natural gas prices helped keep wholesale electricity prices towards the bottom of the 12-month range in spite of some higher peak demand levels that occurred towards the end of the month. For the seventeenth consecutive month, the price of natural gas at Henry Hub was below the price of Central Appalachian coal on a \$/MWh basis.

Coal-fired generating capacity in the United States has fallen 15% over the past six years, dropping from 317 gigawatts (GW) at the end of 2010 to 276 GW in April 2016. This decrease is primarily attributable to the competitive pressure from low natural gas prices, which lowers the marginal cost of natural gas-fired generation, and the costs and technical challenges of environmental compliance measures.

Inventories



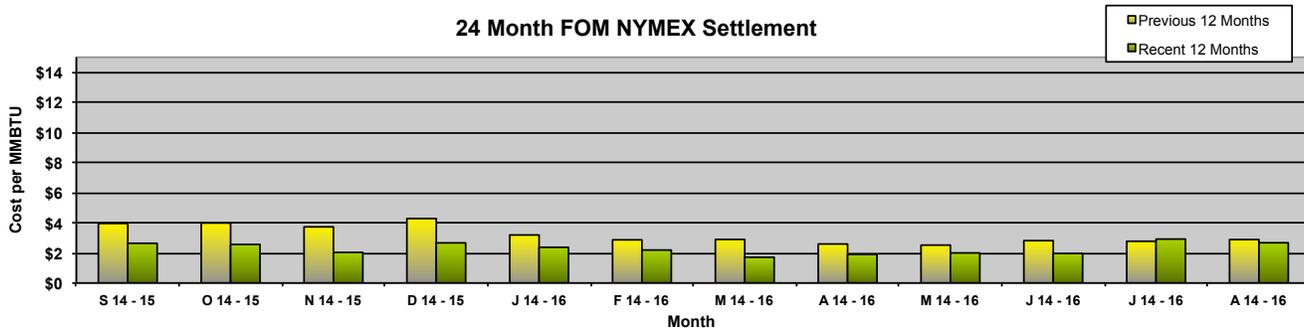
6-10 Day Forecast



Month	Last Price	Change	Updated - 06/02/2016 1:30 PM EST		Summer / Winter	
Sep-16	\$2.83	-0.01			Sept -16 - Oct 16	\$2.86
Oct-16	\$2.88	0.00			Nov-16 - March 17	\$3.27
Nov-16	\$3.02	-0.01			April 17 - Oct 17	\$3.08
Dec-16	\$3.27	-0.01			Strip Prices	
Jan-17	\$3.39	-0.01			3 Month	\$2.91
Feb-17	\$3.37	-0.01			6 Month	\$3.13
Mar-17	\$3.32	0.00			9 Month	\$3.13
Apr-17	\$3.07	0.00			1 Year	\$3.12
May-17	\$3.04	0.00			2 Year	\$3.10
Jun-17	\$3.07	0.00			3 Year	\$3.07
Jul-17	\$3.10	0.00				
Aug-17	\$3.11	0.00				

Source: Nymex

24 Month FOM NYMEX Settlement



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