

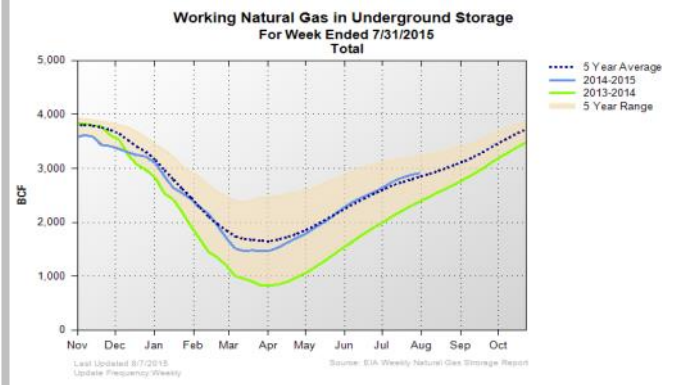
NATURAL GAS

- Looking past a bullish storage report, natural gas prices reversed Thursday's gains on expectations for eroding demand in the coming weeks. The Sep contract closed 1.5 cents lower at \$2.798.
- The impact from Thursday's storage report showing a much smaller than normal and smaller than expected injection faded Friday as weather forecasts showed mild conditions for the NE and Midwest.
- Seasonal demand is expected to falter as summer heat evaporates and is replaced by mostly normal to below normal readings across major cooling regions. This should translate to an increase in the injection pace.
- The 6-10 day outlook showed normal temps holding across most of the NE, Central, SE and Gulf regions as well as a large portion of the West. Below average temps are forecast for the Midwest and Mid-Atlantic.
- Despite last week's storage data showing the market was undersupplied by 1 BCF/day, storage injections this season are still running 20% higher than the 5 yr avg. Analysts anticipate levels will still conclude injection season in the 3.9-4.0 TCF range. Talk over this week's storage report show a boost from last week's 32 BCF build. Early estimates range from 50 to 60 BCF.
- Baker Hughes reported an increase of 4 rigs to the gas drilling rig count. There are now a total of 213 rigs operating, 103 rigs lower than a year ago.
- Prices this morning are rising as forecasts shifted overnight to show the NE and upper Midwest experiencing warmer than normal conditions during the 8-14 day period. Warmer conditions will help keep power burn going strong. So far this month, gas fired power generation has been running 19% higher than Aug 2014.

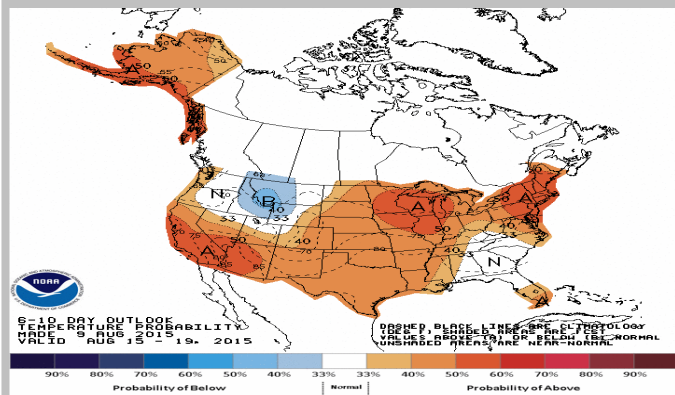
OIL COMPLEX

- Crude oil hit new multi month lows Friday as oil drilling continued to rise despite the global oversupply. Sep crude settled 79 cents lower at \$43.87, the lowest settle since March 17.
- Baker Hughes reported oil drilling rigs rose for a 3rd straight week, increasing by 6 to 670 rigs in the week ended August 7. There are still 58% fewer rigs at work since peaking last October. The continued rise in the rig count suggests the glut will persist for some time as domestic production does not look to ease anytime soon.
- Friday's sell off was also a result of pre-weekend long liquidation after technical support broke. Many expect the market to continue falling as we near the end of gasoline season. RBOB lead the way lower as seasonally weaker demand is anticipated while supplies for the balance of driving season are plentiful.
- Further pressure also stemmed from a rally in the dollar after the Labor Dept showed 215,000 nonfarm jobs were created last month, slightly short of estimates. Upward revisions for May and June and a steady unemployment rate suggest the labor market continues to improve, setting the stage for a hike in interest rates.
- Prices are currently flat after trading lower early this morning on disappointing export and factory numbers out of China. Producer prices in China hit their lowest level since 2009 with exports falling 8.3% from a year ago. China's crude oil imports year to date are however up 10.4% at 194 million tons.

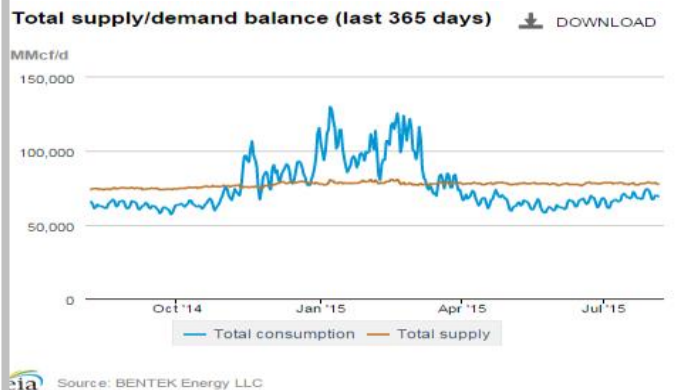
EIA WEEKLY NATURAL GAS STORAGE



NWS 6-10 DAY TEMPERATURE FORECAST



NATURAL GAS SUPPLY/DEMAND BALANCE



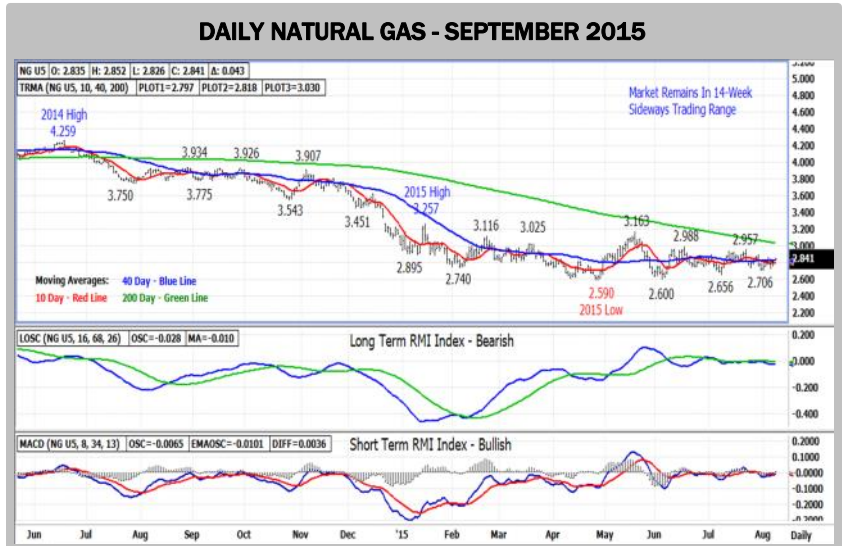
EIA WEEKLY PETROLEUM STOCKS

As of 7/31/15
(Million Barrels)

	Total Stocks	Change From Last Week	Change From Last Year
Crude Oil	455.3	(4.4) ↓	89.7 ↑
Gasoline	216.7	0.8 ↑	2.9 ↑
Distillate	144.8	0.7 ↑	19.9 ↑
Propane	90.4	0.93 ↑	21.9 ↑

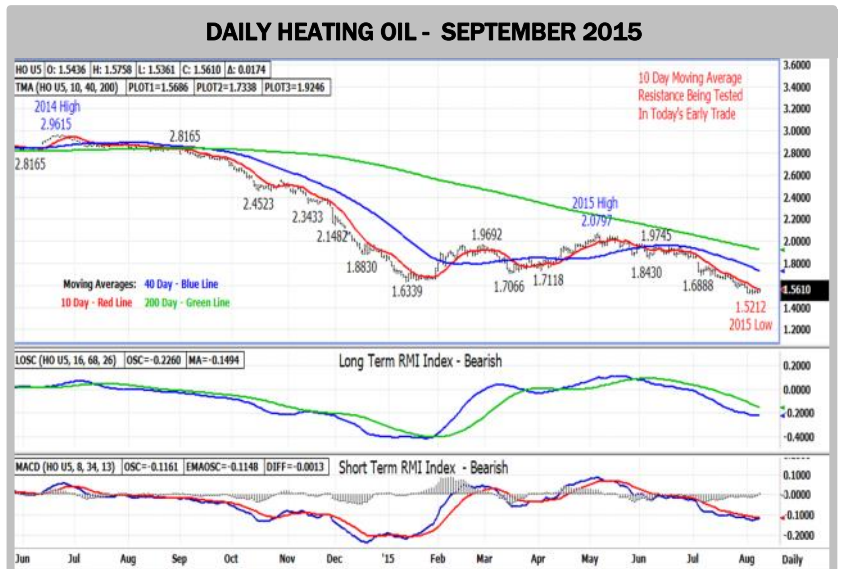
NATURAL GAS

- Natural gas prices trend higher last week but remain locked in a sideways trading range that now enters into a 14th week of trade.
- The front month September 15 contract bottomed out at a 2.706 low last Monday rallying up to a 2.863 weekly high on Wednesday. It pulled back slightly into Friday's close settling at 2.798, up .082 or 3% for the week.
- The September contract has rallied above 10 and 40 day moving average resistance at the lower-2.800 level today turning last week's 2.863 high and the 2.895 late-July high into the next upside resistance areas. Longer term resistance levels are the 2.957-2.988 weekly highs and the 200 day moving average currently at 3.020.
- The lower-2.700 area remains key support with a breakout under this level turning 2.650-2.600 and the 2.590-2.600 weekly lows into the next support levels.
- There is a chance the breakout from the 14-week sideways range will be to the upside above 2.950-3.030 resistance turning the longer term market trend back up. But given the market trend since the summer 2014 high, the eventual breakout will likely come to the downside under 2.600-2.700 support.
- Fridays' Commitment of Trader's report showed the funds long 136,893 natural gas futures contracts, down 7,156 from the previous week. Funds have been largely absent from the natural gas market this summer as prices have remained in a sideways range.
- Technical Indicators: Moving Average Alignment - Neutral-Bearish Long Term RMI Trend Following Index - Bearish ; Short Term RMI Trend Following Index - Bullish



HEATING OIL

- Heating oil prices closed down for an 8th consecutive week in last week's trade as the September 15 contract lost .0453 (2.8%) over the 5 days settling Friday at 1.5436.
- Last week's trade was technically important for both the crude oil as well as the heating oil markets as crude oil held above 16-year trend line support. This trend line support on the weekly chart has now held 3 times this year, the latest being today as crude oil has bottomed out at a 43.35 low.
- It is going to take several days before a low in crude oil can be confirmed. If trend line support roughly between 43.00-45.00 can hold, a long term low could be set. If trend line support fails to hold, the downtrend in both crude oil and heating oil will continue.
- The September heating oil contract has been testing 10 day moving average resistance at 1.5685 today. There has not been a single daily close above this average since June 23rd. A breakout above this average could bring in heavy short covering forming a near term and possibly long term low in the market.
- Another key technical test for both the crude oil and heating oil markets this week.
- Friday's Commitment of Trader's report showed the funds long 247,093 WTI crude oil contracts, up 3,674 for the week. The fund long position in the heating oil market fell by 7,008 contracts according to the report to 5,549 contracts.
- Technical Indicators: Moving Average Alignment - Bearish; Long Term RMI Trend Following Index - Bearish; Short Term RMI Trend Following Index - Bearish



Daily Forward Energy Prices

		SEP	OCT	NOV	DEC	JAN	FEB	BAL `15	2016	2017	
NYMEX FUTURES	Natural Gas	Close	2.798	2.822	2.925	3.082	3.186	3.179	2.907	3.087	3.230
		Daily Change	(0.015)	(0.013)	(0.005)	0.001	0.002	0.001	(0.008)	0.000	(0.005)
	Crude Oil	Close	43.870	44.360	45.110	45.850	46.610	47.280	44.800	49.470	54.050
		Daily Change	(0.79)	(0.73)	(0.69)	(0.69)	(0.68)	(0.68)	(0.73)	(0.73)	(0.75)
	Heating Oil	Close	1.5436	1.5563	1.5711	1.5867	1.6028	1.6116	1.5644	1.6431	1.7644
		Daily Change	(0.0063)	(0.0069)	(0.0081)	(0.0093)	(0.0105)	(0.0112)	(0.0077)	(0.0136)	(0.0143)
	RBOB	Close	1.6230	1.4589	1.4062	1.3763	1.3743	1.3879	1.4661	1.5205	1.5857
		Daily Change	(0.0248)	(0.0196)	(0.0186)	(0.0183)	(0.0175)	(0.0164)	(0.0203)	(0.0128)	(0.0109)
NATURAL GAS BASIS	AECO	Close	(0.53)	(0.54)	(0.60)	(0.69)	(0.74)	(0.73)	(0.59)	(0.74)	(0.82)
		Daily Change	(0.01)	(0.01)	(0.01)	0.00	0.00	(0.01)	(0.01)	0.00	0.00
	PG&E Citygate	Close	0.43	0.43	0.36	0.22	0.16	0.14	0.36	0.23	0.23
		Daily Change	(0.01)	0.00	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00
	Panhandle-OK	Close	(0.23)	(0.26)	(0.27)	(0.23)	(0.17)	(0.17)	(0.25)	(0.33)	(0.40)
		Daily Change	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
	Chicago Citygate	Close	0.04	0.07	0.12	0.20	0.30	0.30	0.11	0.00	(0.13)
		Daily Change	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01
	Transco Zn 6 NY	Close	(1.02)	(0.78)	0.05	2.68	8.07	7.25	0.23	0.96	1.10
		Daily Change	0.09	0.09	0.02	0.01	0.01	0.01	0.05	0.00	0.05
OTC ON-PEAK ELECTRICITY	Indiana Hub	Close	33.38	33.76	34.19	35.41	46.33	41.60	34.19	38.12	38.47
		Daily Change	0.17	0.01	(0.26)	0.16	(0.03)	(0.19)	0.02	0.01	(0.07)
	PJM West Hub	Close	38.94	38.56	39.83	43.58	65.28	58.31	40.23	45.51	43.65
		Daily Change	0.41	0.38	(0.14)	0.02	(0.04)	(0.17)	0.17	(0.05)	(0.05)
	Mass Hub	Close	30.95	38.70	54.74	82.53	111.00	105.75	51.73	56.25	53.60
		Daily Change	1.07	0.11	0.11	(0.07)	0.00	0.10	0.31	(0.01)	(0.02)
	NP-15	Close	39.35	40.75	38.60	38.70	37.95	36.10	39.35	37.05	38.09
		Daily Change	0.20	0.10	0.15	0.05	0.35	0.00	0.12	0.20	0.05

Daily Natural Gas Option Strip Prices

STRIP PERIOD		SUMMER 2015	WINTER 2015/2016	SUMMER 2016	WINTER 2016/2017	SUMMER 2017	WINTER 2017/2018	SUMMER 2018	WINTER 2018/2019
SETTLEMENT		\$2.81	\$3.10	\$3.01	\$3.32	\$3.13	\$3.44	\$3.19	\$3.50
CALLS	3.00	0.049	0.328	0.323	0.000	0.000	0.000	0.000	0.000
	3.50	0.005	0.152	0.149	0.331	0.215	0.000	0.000	0.000
	4.00	0.001	0.076	0.066	0.203	0.111	0.262	0.170	0.296
	4.50	0.000	0.042	0.031	0.132	0.060	0.181	0.108	0.197
	5.00	0.000	0.025	0.017	0.093	0.035	0.132	0.073	0.138
	5.50	0.000	0.017	0.010	0.069	0.022	0.101	0.052	0.102
	6.00	0.000	0.012	0.006	0.054	0.015	0.078	0.040	0.080
6.50	0.000	0.008	0.005	0.045	0.011	0.062	0.031	0.065	
STRIP PERIOD		SUMMER 2015	WINTER 2015/2016	SUMMER 2016	WINTER 2016/2017	SUMMER 2017	WINTER 2017/2018	SUMMER 2018	WINTER 2018/2019
SETTLEMENT		\$2.81	\$3.10	\$3.01	\$3.32	\$3.13	\$3.44	\$3.19	\$3.50
PUTS	1.75	0.001	0.000	0.014	0.000	0.000	0.000	0.000	0.000
	2.00	0.002	0.013	0.031	0.018	0.028	0.000	0.000	0.000
	2.25	0.006	0.029	0.064	0.040	0.059	0.000	0.000	0.000
	2.50	0.022	0.062	0.118	0.079	0.108	0.077	0.125	0.000
	3.00	0.239	0.227	0.310	0.231	0.285	0.220	0.301	0.000
	3.50	0.695	0.550	0.633	0.506	0.578	0.464	0.581	0.460
	4.00	1.191	0.973	1.047	0.872	0.964	0.811	0.949	0.776
4.50	1.690	1.438	1.510	1.296	1.405	1.217	1.369	0.000	

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