

Early Morning Update:

The Jun18 natural gas contract is trading up \$0.04 at \$2.80. The Jun18 crude contract is down \$0.67 at \$67.90.

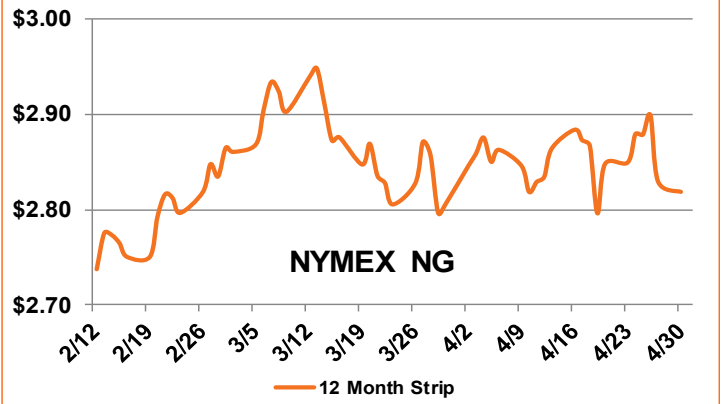
Summary: The June prompt month lost less than a cent on Monday, as downward pressure from both supply and demand continues to weigh on the market. June 2018 settled down \$0.008 to \$2.763, the 12-month strip dropped a cent to \$2.819, and the 2019 & 2020 calendar strips were essentially flat at \$2.721 and \$2.703, respectively. Production continued a robust week and reached 78.8 Bcf/d yesterday, more than 10% above 2017 production levels. The conclusion of recent pipeline maintenance activities in Pennsylvania helped alleviate constraints late last week, and has boosted Northeast production by 0.4 Bcf/d. A mild start to May appears to be on the horizon weather-wise as well, as normal to above-normal temperatures dominate the forecast through the first half of the month. Similar demand to last year is expected for the first few weeks, so, coupled with elevated year-over-year production, we should finally see a dent made into the storage deficit for the first time this injection season.

Bullish Factors

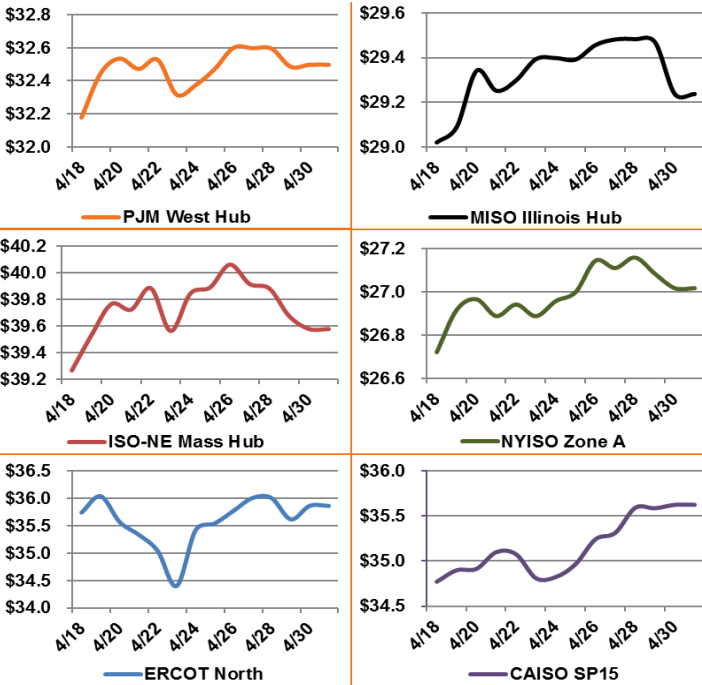
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/1/2018)

ISO-NE Mass Hub \$26.10	MISO Indiana Hub \$35.00	NYISO Zone G \$28.59
PJM West Hub \$38.58	ERCOT North \$27.50	CAISO SP15 \$27.52
NYMEX NG	Close	Change
Jun-18	2.763	-0.008
Jul-18	2.800	-0.011
12 Month	2.819	-0.011
Cal 19	2.721	-0.004
Cal 20	2.703	0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,281	1,299	2,178	1,808
Diff v. Current		-18	-897	-527
% Diff			-41.2%	-29.1%

