

Early Morning Update:

The Jun18 natural gas contract is trading down \$0.03 at \$2.77. The Jun18 crude contract is down \$0.15 at \$67.10.

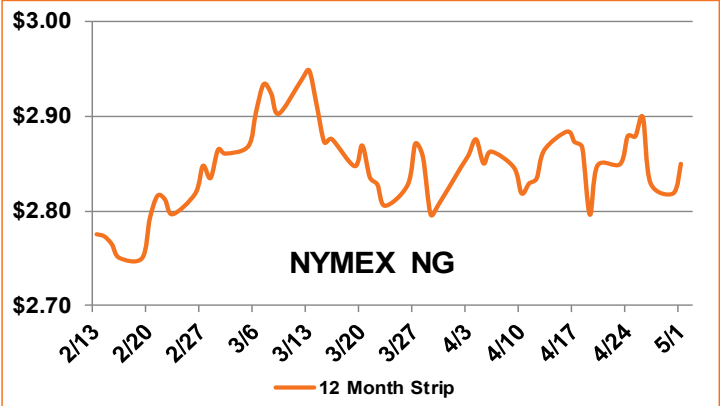
Summary: Yesterday, the NYMEX NG prompt month contract gained 3.9 cents to settle at \$2.802/MMBtu, hitting the \$2.80 prompt month resistance level that has been strong since the beginning of March. Day-over-day, U.S. dry natural gas production dropped ~1 Bcf/d to 77.7 Bcf/d yesterday, but demand also fell by more than 5 Bcf/d. The National Weather Service made warmer revisions to their 6-10 and 8-14 day outlooks yesterday. After April 2018 checked in as the 5th coldest April on record back to 1950, nationally, the market could be looking for early heat as a bullish indicator to move prices higher. First Energy Solutions recently notified PJM of plans to retire its Davis-Besse, Perry, and Beaver Valley nuclear plants over the next two to three years due to economics. In response, PJM completed a reliability study and found that the plants, totaling ~4,000 MW, are not required for reliability. Despite the potential for early retirements for many coal and nuclear generators across the US, 2019-2024 calendar strips are still trading between \$2.71 and \$2.92, with calcs 2020-2022 only 1-2 cents off all-time trading lows.

Bullish Factors

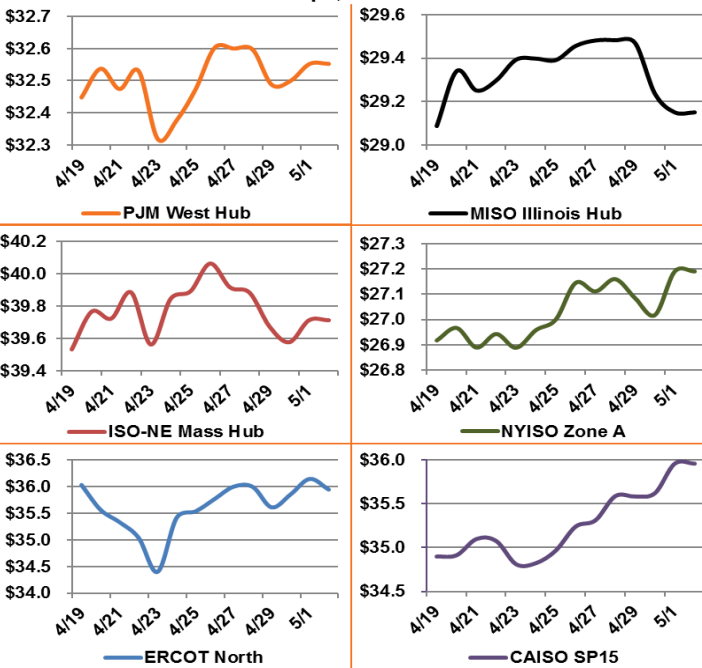
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/2/2018)

ISO-NE Mass Hub \$31.28	MISO Indiana Hub \$40.00	NYISO Zone G \$32.99
PJM West Hub \$48.38	ERCOT North \$30.87	CAISO SP15 \$29.25
NYMEX NG	Close	Change
Jun-18	2.802	0.039
Jul-18	2.837	0.037
12 Month	2.850	0.031
Cal 19	2.739	0.018
Cal 20	2.708	0.004

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%

