

Early Morning Update:

The Jun18 natural gas contract is trading flat at \$2.75. The Jun18 crude contract is down \$0.23 at \$67.70.

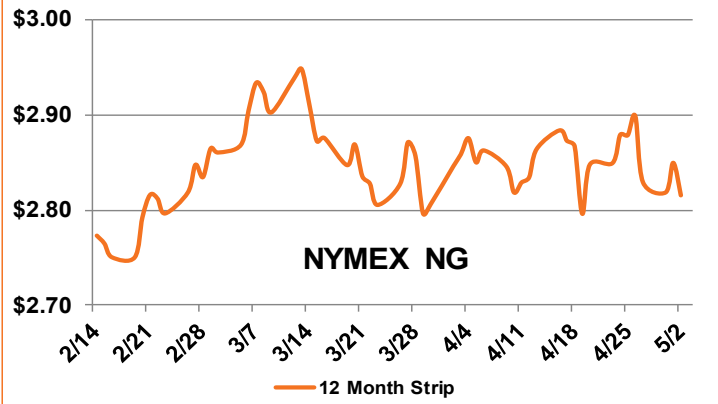
Summary: The gas market gave back almost five cents in trading on Wednesday, with the prompt contract settling down on the day at \$2.754/MMBtu. The long anticipated warm-up for the Northeast has finally gotten underway, with temperatures across the region averaging well above normal with widespread sunshine. The 6-10 and 8-14 day outlooks are both showing near to above-normal temperatures. Market participants are expecting the first injection into storage of the season with estimates averaging near 55 Bcf. Strong production, combined with low seasonal natural gas demand, should allow for some large injections in the coming weeks, which will help to reduce the storage deficit. The amount of gas in storage currently is nearly 30% below the 5-year average, but, with continued healthy production, that deficit is expected to be trimmed to around 10% in time for next winter. U.S. dry natural gas production hit a new all-time high of 79.0 Bcf/d yesterday.

Bullish Factors

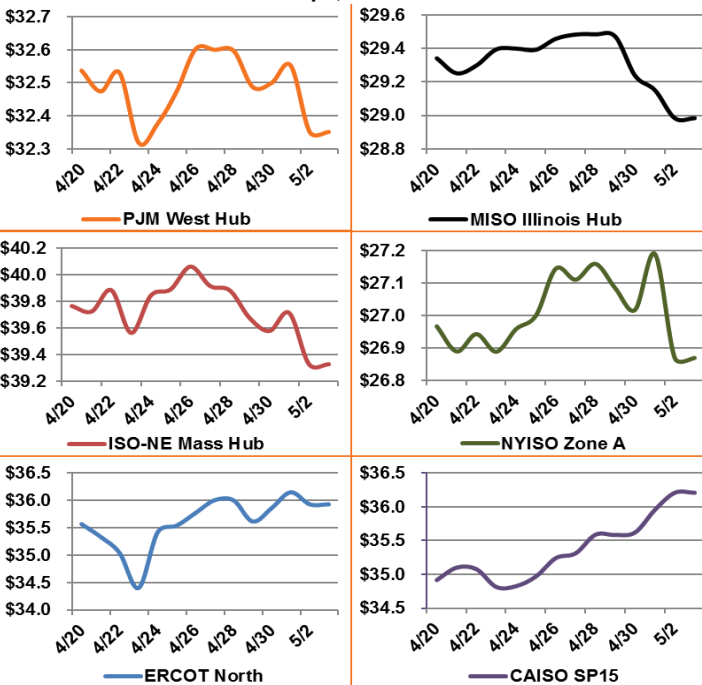
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/3/2018)

ISO-NE Mass Hub \$36.48	MISO Indiana Hub \$36.30	NYISO Zone G \$36.72
PJM West Hub \$58.51	ERCOT North \$31.75	CAISO SP15 \$30.38
NYMEX NG	Close	Change
Jun-18	2.754	-0.048
Jul-18	2.791	-0.046
12 Month	2.816	-0.034
Cal 19	2.730	-0.009
Cal 20	2.711	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%

