

Early Morning Update:

The Jun18 natural gas contract is trading up \$0.04 at \$2.75. The Jun18 crude contract is up \$0.58 at \$70.30.

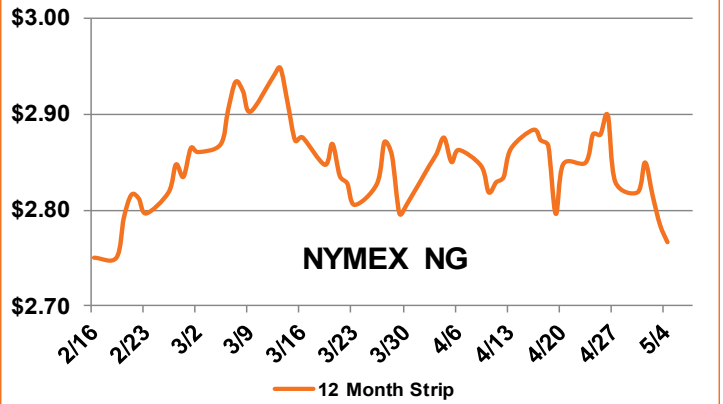
Summary: On Friday, the June 2018 NYMEX natural gas futures price fell by 1.5 cents on the day to settle at \$2.711/MMBtu. Bearish market fundamentals, including waning demand, robust production levels, and the storage injection season commencing with an initial healthy storage build, have provided downward pressure on prompt month pricing. Last Thursday, U.S. production was reported to have reached another record high at 79.1 Bcf/d, about 9% above the level seen last year at this time. This should hopefully lead to continued healthy injections into storage to build natural gas inventories to a comfortable level before next winter. The 1-5 day weather forecasts shows much warmer-than-normal temperatures for the West Coast and the Mid-con region. The warmth then moves to the majority of the eastern half of the country in the 11-15 and 16-20 day forecasts. With these increasing temperatures, overall U.S. demand for natural gas is expected to rise, averaging 63.1 Bcf/d, about 2.0 Bcf/d higher than what was seen on Friday.

Bullish Factors

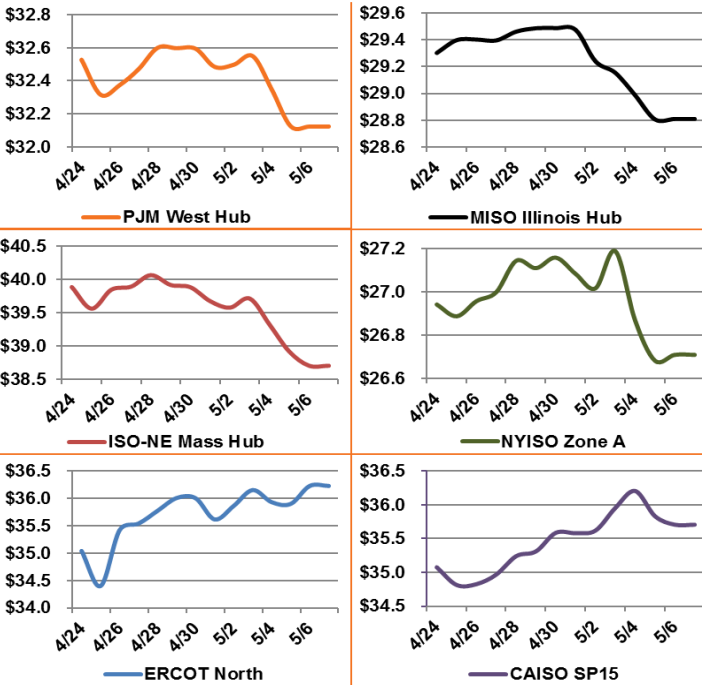
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/7/2018)

ISO-NE Mass Hub \$23.75	MISO Indiana Hub \$32.50	NYISO Zone A \$27.00
PJM West Hub \$32.05	ERCOT North \$36.32	CAISO SP15 \$34.12
NYMEX NG	Close	Change
Jun-18	2.711	-0.015
Jul-18	2.741	-0.018
12 Month	2.767	-0.018
Cal 19	2.692	-0.016
Cal 20	2.692	-0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,343	1,281	2,246	1,878
Diff v. Current		62	-903	-534
% Diff			-40.2%	-28.4%

