

Early Morning Update:

The Jun18 natural gas contract is trading up \$0.02 at \$2.76. The Jun18 crude contract is down \$0.68 at \$70.05.

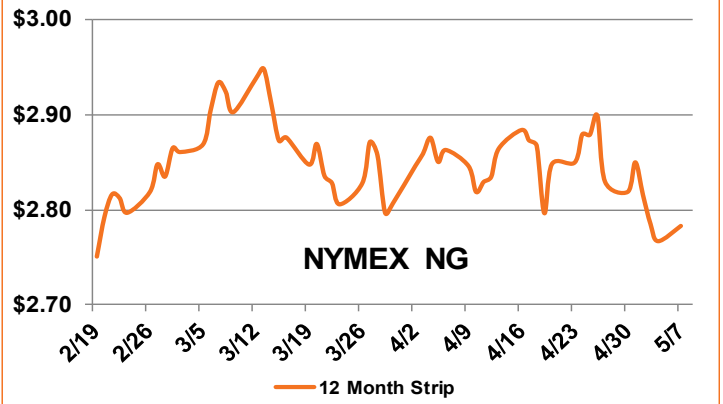
Summary: Near term gas futures rose on Monday, as weather forecasts show additional upside in May, and power burns show gains year-over-year. The June 2018 contract gained three cents to \$2.741/MMBtu, the 12-month strip rose by 1.6 cents to \$2.782, and the 2019 and 2020 years stayed flat at \$2.69. Warmer-than-normal forecasts dominate most of the country through this weekend, and continue for both coasts through the 20-day forecast. This departure from April weather has already resulted in a 10% month-over-month increase in power burns, and an increase of 15% over May 2017. However, on the whole, demand is down versus last year due to significantly less residential and commercial demand. On the supply side, production has taken a dip over the last few days, as unplanned maintenance on a TETCO compressor station has decreased flow for likely another week. Production is expected to average around 77.5 Bcf/d through the next two weeks.

Bullish Factors

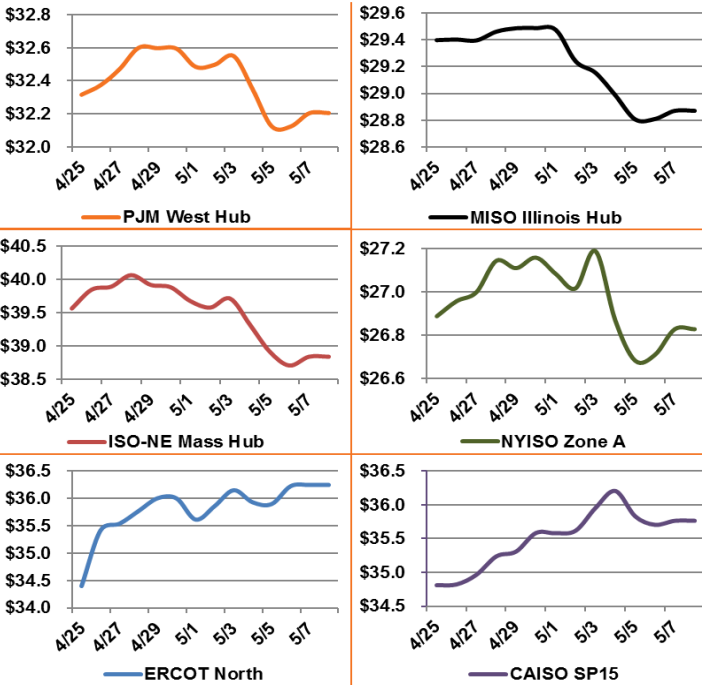
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/8/2018)

ISO-NE Mass Hub \$24.05	MISO Indiana Hub \$31.42	NYISO Zone G \$28.00
PJM West Hub \$34.52	ERCOT North \$32.50	CAISO SP15 \$33.96
NYMEX NG	Close	Change
Jun-18	2.741	0.030
Jul-18	2.767	0.026
12 Month	2.783	0.016
Cal 19	2.693	0.001
Cal 20	2.690	-0.002

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%

