

Early Morning Update:

The Jun18 natural gas contract is trading up \$0.01 at \$2.85. The Jun18 crude contract is up \$0.64 at \$71.60.

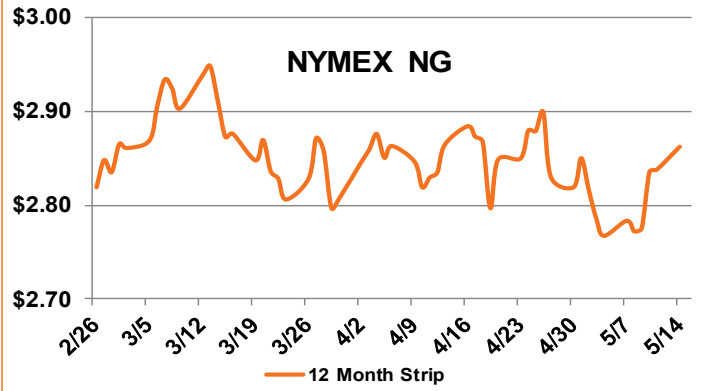
Summary: Near-term gas futures rose on Monday, responding to warmer revisions in weather forecasts and strengthening demand. The June prompt month gained more than three cents to \$2.842, the 12-month strip rose two cents to \$2.862, 2019 gained a cent to \$2.725, and 2020 stayed flat at \$2.672. Weather outlooks for the rest of May are continuing to heat up, particularly on the coasts and in Texas, where temperatures are forecasted in the 80s and 90s at various points until the end of the month. Power burn is already up 14% versus last year, and is expected to increase by 1.0 Bcf/d through the next two weeks. Despite the increase in gas demand for power generation, the U.S. is only running 0.6 Bcf/d higher than May 2017 in overall demand, due mainly to increased LNG exports. On the supply side, production is expected to increase in all seven of the major basins across the country over the next month, leading to an expected increase of more than 1.0 Bcf/d from May to June. The most significant of these growths is in the Appalachian Basin, which accounts for over 0.3 Bcf/d of the increase.

Bullish Factors

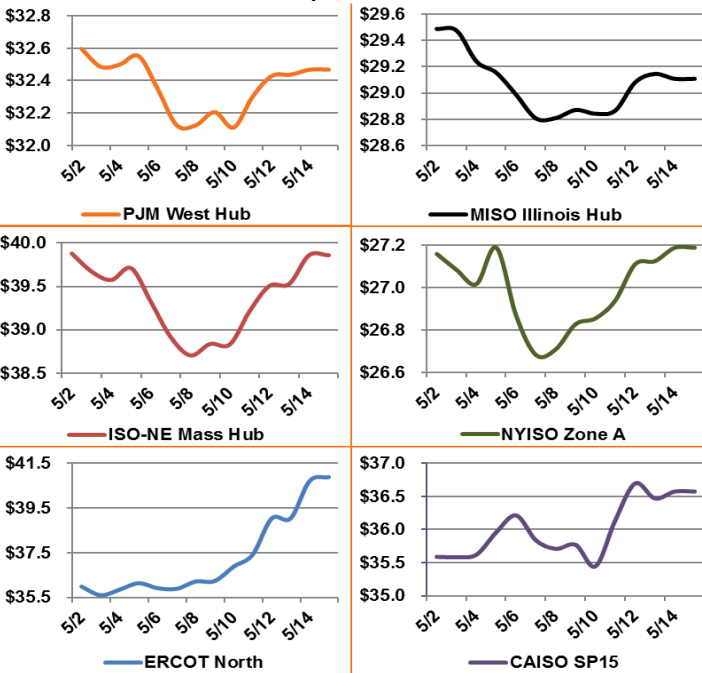
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation
- Mild weather



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/15/2018)

ISO-NE Mass Hub \$33.96	MISO Indiana Hub \$42.01	NYISO Zone G \$38.13
PJM West Hub \$58.60	ERCOT North \$49.00	CAISO SP15 \$23.75
NYMEX NG		
	Close	Change
Jun-18	2.842	0.036
Jul-18	2.859	0.034
12 Month	2.862	0.024
Cal 19	2.725	0.013
Cal 20	2.672	0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,432	1,343	2,295	1,952
Diff v. Current		89	-863	-520
% Diff			-37.6%	-26.6%

