

**Early Morning Update:**

The Jun19 natural gas contract is trading down \$0.03 at \$2.63. The Jun19 crude oil contract is down \$0.48 at \$61.30.

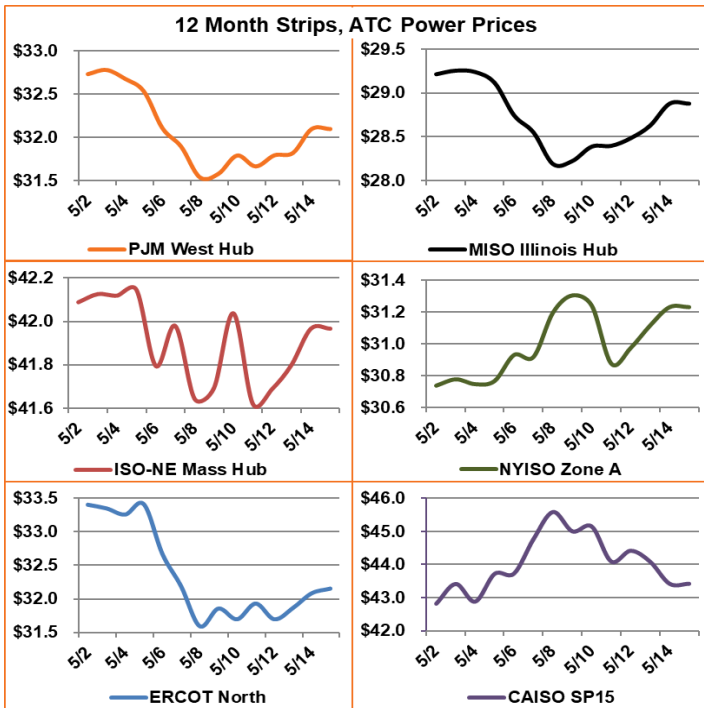
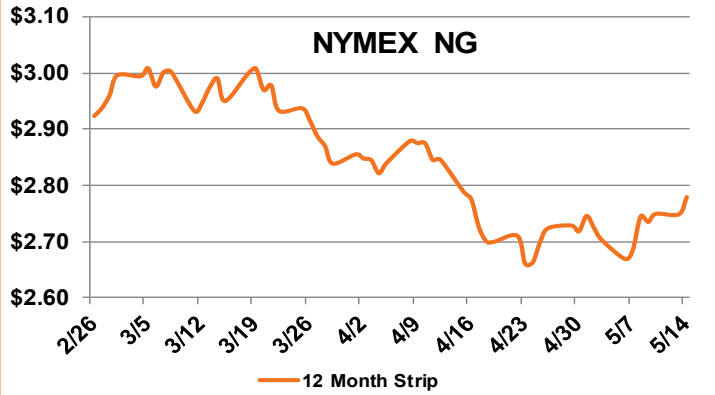
**Summary:** U.S. dry natural gas production has dropped almost 2.0 Bcf/d over the last two days, and the cut in supply helped push the prompt month up 3.8 cents on Tuesday to settle at \$2.659/MMBtu. With imports from Canada off 0.2 Bcf/d, as well, total U.S. supply is down 2.1 Bcf/d from Monday. Easing some of this loss of supply, demand from the res-comm sector has fallen 3.4 Bcf/d this week, while gas used for power generation increased by 0.8 Bcf/d. Weather outlooks for the next two weeks show a bipolar division between warmer-than-normal temperatures in the East, and below-average temperatures in the West. On average, this should keep demand at bay, but the warm temps in the East could induce some early cooling demand, while temperatures up to eight degrees below normal could sustain heating demand in the West. The first train at the \$10 billion Cameron LNG facility in Louisiana began production on Tuesday, making it the fourth LNG export project to begin operations since 2016. Meanwhile, the trade war with China has forced spot cargoes from existing U.S. LNG exporters destined for China to be diverted to other countries.

**Bullish Factors**

- High LNG exports
- Below-average storage levels
- Attention turning to summer

**Bearish Factors**

- Record NG production
- Higher associated gas production
- Mild temps, declining demand



**Next Day On-Peak Power (traded for 5/15/2019)**

| ISO-NE Mass Hub<br>\$25.90 | MISO Indiana Hub<br>\$27.83 | NYISO Zone G<br>\$24.98 |
|----------------------------|-----------------------------|-------------------------|
| PJM West Hub<br>\$25.73    | ERCOT North<br>\$32.56      | CAISO SP15<br>\$24.40   |
| NYMEX NG                   | Close                       | Change                  |
| Jun-19                     | 2.659                       | 0.038                   |
| Jul-19                     | 2.689                       | 0.036                   |
| 12 Month                   | 2.780                       | 0.030                   |
| Cal 20                     | 2.739                       | 0.021                   |
| Cal 21                     | 2.652                       | 0.013                   |

**EIA Natural Gas Storage**

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| Total                      | 1,547     | 1,462     | 1,419     | 1,850       |
| Diff v. Current            |           | 85        | 128       | -303        |
| % Diff                     |           |           | 9.0%      | -16.4%      |

