

**Early Morning Update:**

The Jun18 natural gas contract is trading down \$0.01 at \$2.85. The Jun18 crude contract is down \$0.19 at \$71.30.

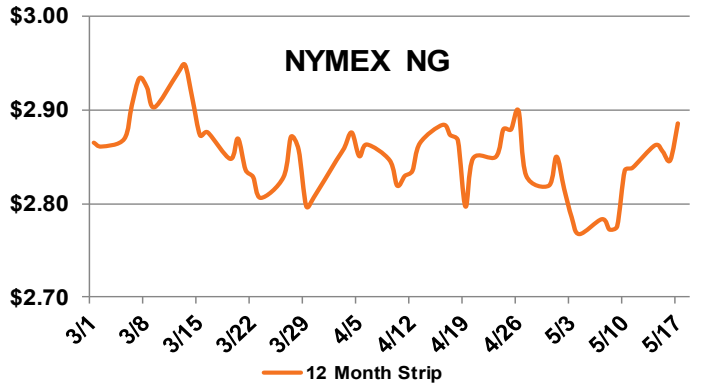
**Summary:** Despite a huge storage injection reported by the U.S. Energy Information Administration yesterday, anticipated rising cooling demand overshadowed it, helping to push the natural gas prompt month higher. The Jun18 NYMEX contract rose 4.4 cents on Thursday, settling at \$2.859/MMBtu, after the EIA reported a 106 Bcf injection into underground storage facilities for the week to May 11. The increase in natural gas stockpiles was just slightly higher than market estimates, but was very large compared to the 64 Bcf build seen last year for the corresponding week, and much higher than the 87 Bcf five-year average injection. It was also just one Bcf short of the largest injection seen in the last five years. Although inventories are currently in deficit to last year by 35% and to the five-year average by 25%, near-record production could boost coming storage builds to above-average levels, and continue to pare down these deficits throughout the summer. With warmer-than-normal temperatures forecast through the end of the month, total demand is expected to average 70.5 Bcf/d next week, and climb further to 71.2 Bcf/d two weeks out.

**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



**Next Day On-Peak Power (traded for 5/18/2018)**

<b>ISO-NE Mass Hub</b> \$23.55	<b>MISO Indiana Hub</b> \$31.32	<b>NYISO Zone G</b> \$30.99
<b>PJM West Hub</b> \$33.58	<b>ERCOT North</b> \$54.04	<b>CAISO SP15</b> \$14.50
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
<b>Jun-18</b>	2.859	0.044
<b>Jul-18</b>	2.886	0.049
<b>12 Month</b>	2.885	0.039
<b>Cal 19</b>	2.745	0.025
<b>Cal 20</b>	2.680	0.015

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	1,538	1,432	2,359	2,039
<b>Diff v. Current</b>		106	-821	-501
<b>% Diff</b>			-34.8%	-24.6%

