

Early Morning Update:

The Jun18 natural gas contract is trading down \$0.02 at \$2.83. The Jun18 crude contract is up \$0.37 at \$71.65.

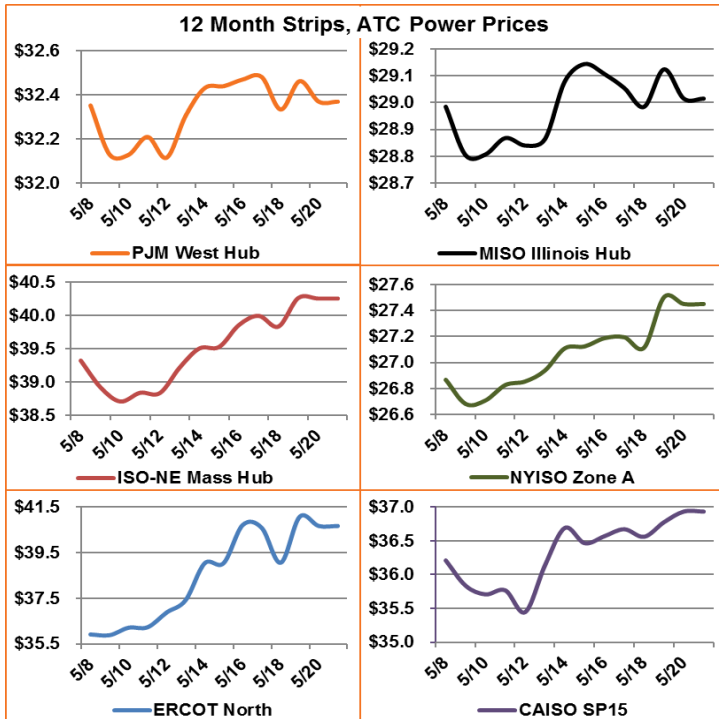
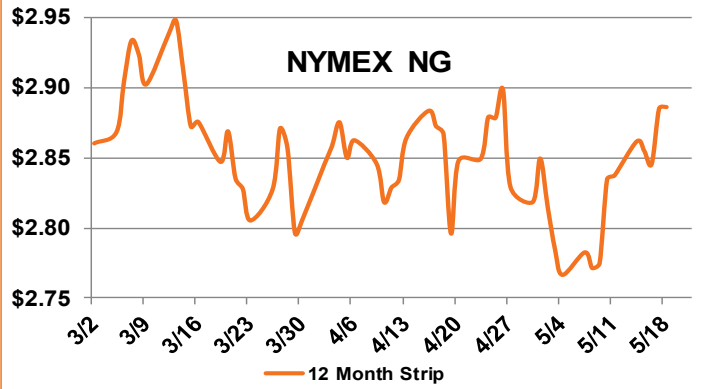
Summary: On Friday, the June 2018 NYMEX natural gas futures price fell by 1.2 cents on the day to settle at \$2.847/MMBtu. The slight depression in the prompt month price followed the recent U.S. Energy Information Administration's storage report of the first triple digit injection into natural gas inventories so far this year, and has begun closing the large deficit to historical benchmarks. Weather forecasts have turned bullish, as the warmer-than-normal temperatures are forecasted to spread over the majority of the country into early June. With the expected warmer start to summer comes increased cooling demand. This, along with an expected increase in natural gas-fired generation along the East Coast, a major demand center, will result in higher power burn levels and overall demand for natural gas. U.S. production has recently declined from the historical highs we've seen so far this year due to pipeline maintenance, and has averaged around 77.5 Bcf/d the past six days.

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 5/21/2018)

ISO-NE Mass Hub \$25.99	MISO Indiana Hub \$38.54	NYISO Zone G \$32.34
PJM West Hub \$40.72	ERCOT North \$43.00	CAISO SP15 \$22.29
NYMEX NG	Close	Change
Jun-18	2.847	-0.012
Jul-18	2.879	-0.007
12 Month	2.886	0.001
Cal 19	2.753	0.008
Cal 20	2.689	0.009

EIA Natural Gas Storage

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

