

Early Morning Update:

The Jun18 natural gas contract is trading up \$0.03 at \$2.84. The Jun18 crude contract is up \$0.31 at \$72.55.

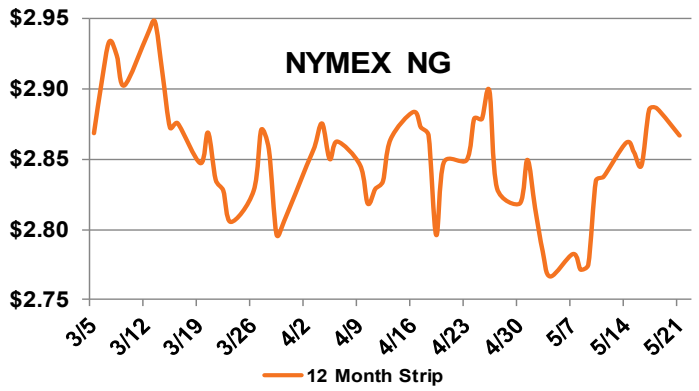
Summary: The natural gas market fell on Monday, reflecting slightly cooler alterations to the short term weather forecast. The June prompt month lost nearly four cents to \$2.81/MMBtu, the 12-month strip dropped two cents to \$2.867, and 2019 and 2020 stayed relatively flat at \$2.749 and \$2.692, respectively. While warmer-than-normal temperatures have recently dominated the forecast, there may be some potential cooling in the Southeast in the 10-day forecast, staving off soaring power burns. Compared to 2017, power burns are higher by 9%, and are expected to hit 30 Bcf/d in two weeks. Offsetting those gains is the drop in residential & commercial demand, which is down 14% since last year. Production is ticking back up above 78 Bcf/d after pipeline maintenance activities have died down, but injections into storage inventories are still expected to average in the mid-80s for the next three weeks.

Bullish Factors

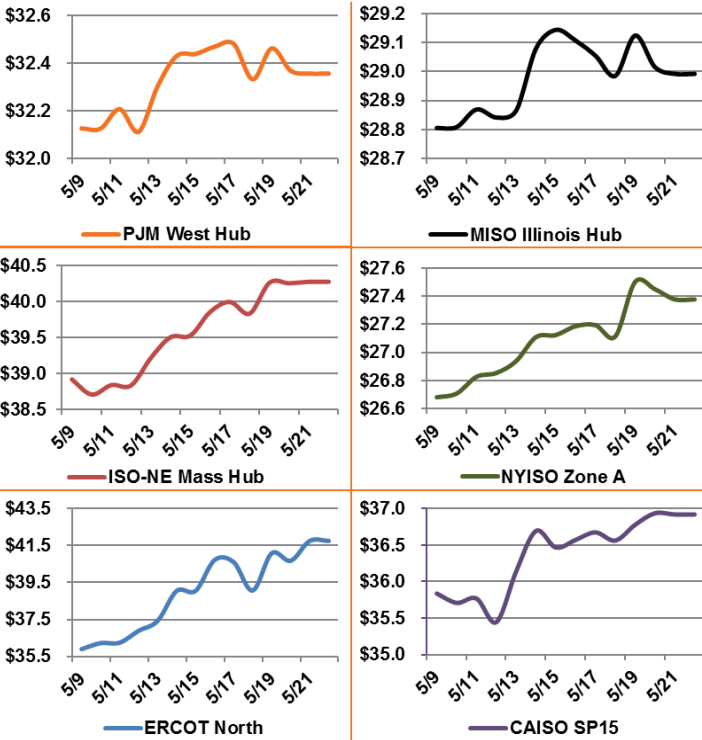
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/22/2018)

ISO-NE Mass Hub \$26.00	MISO Indiana Hub \$40.17	NYISO Zone G \$29.46
PJM West Hub \$40.12	ERCOT North \$39.75	CAISO SP15 \$24.56
NYMEX NG	Close	Change
Jun-18	2.810	-0.037
Jul-18	2.850	-0.029
12 Month	2.867	-0.019
Cal 19	2.749	-0.004
Cal 20	2.692	0.004

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%

