

Early Morning Update:

The Jun17 natural gas contract is trading down \$0.03 at \$3.30.
The Jul17 crude contract is down \$0.08 at \$51.05.

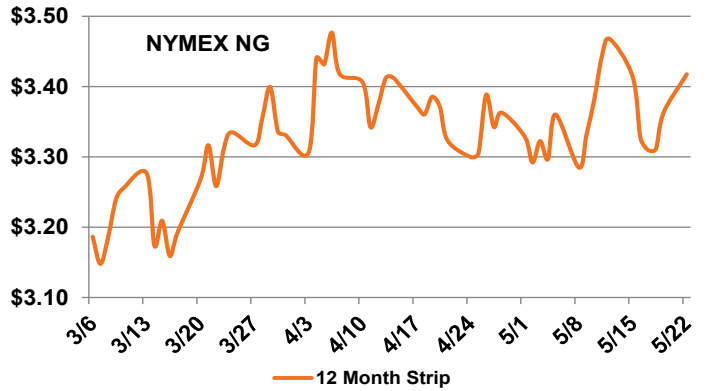
Summary: A glimmer of possible augmented demand over the next two weeks sparked gains in the natural gas prompt month, raising June 2017 prices over seven cents to \$3.33/MMBtu. Over the past two sessions, the prompt month has gained over 4%, and is approaching its highest levels since January. A mix of below- and above-average temperatures is driving demand forecasts, indicating some late season heating and early season cooling load. The eastern and southern U.S. is expected to show warmer-than-average temperatures over the 6-to-14 days forecasts, while cooler temperatures dominate the central U.S. Looking ahead to June, natural gas storage levels may be of increasing concern if the current warmer-than-average outlook holds true. The next three weeks are forecasted to come in lower than historical values, narrowing the surplus to five-year average inventory levels. Natural gas storage availability is not being helped by virtually immobile production numbers, despite rising rig counts and more attractive prices.

Bullish Factors

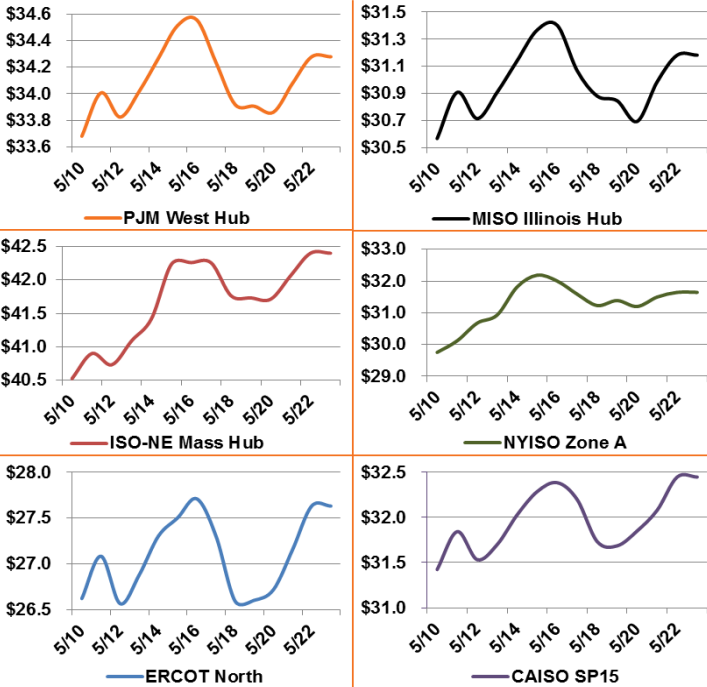
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Producer hedging
- Less coal-to-gas switching



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 5/23/2017)

ISO-NE Mass Hub \$30.84	MISO Indiana Hub \$30.76	NYISO Zone G \$31.05
PJM West Hub \$30.93	ERCOT North \$23.50	CAISO SP15 \$45.16
NYMEX NG	Close	Change
Jun-17	3.330	0.074
Jul-17	3.424	0.071
12 Month	3.417	0.055
Cal 18	3.135	0.026
Cal 19	2.874	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,369	2,301	2,744	2,113
Diff v. Current		68	-375	256
% Diff			-13.7%	12.1%

