

**Early Morning Update:**

The Jun18 natural gas contract is trading up \$0.01 at \$2.92. The Jul18 crude contract is down \$1.04 at \$70.80.

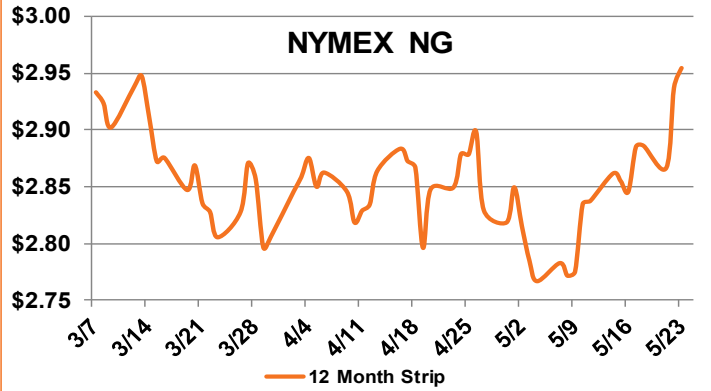
**Summary:** The NYMEX natural gas contract for June delivery settled up just slightly higher yesterday, boosted by warm weather outlooks and higher demand in the power generation sector. The prompt month settled at \$2.914 on Wednesday, up just 0.6 cent from Tuesday's close. Also adding upward pressure to natural gas prices is concern over storage deficits. Currently, storage inventories lag behind last year by 35%, and are in 25% deficit to the five-year average. After last weeks huge 106 Bcf build, the market is expecting a storage injection more in line with historical averages. A market survey shows estimates ranging from 87 to 102 Bcf, with a consensus around 93 Bcf, while Bentek Energy is projecting an 89 Bcf addition to storage stockpiles for the week to May 18, which is right in line with the five-year average for this time of year. Storage building is off to a slow start this year, with only 184 Bcf growth so far this season. Inventories had increased by 308 Bcf by this time last year, and the five-year average increase is 338 Bcf.

**Bullish Factors**

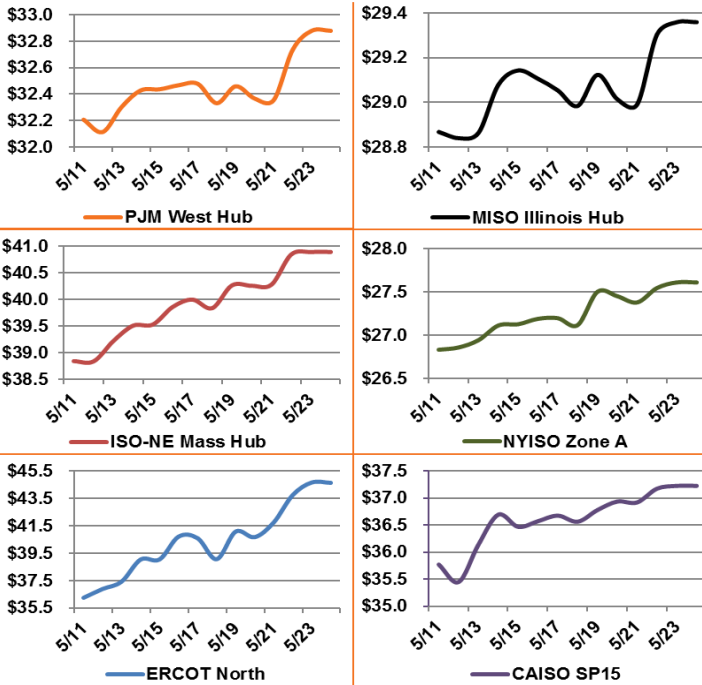
- Run-up to summer
- LNG exports ramping up
- Exports to Mexico at all-time high

**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 5/24/2018)**

<b>ISO-NE Mass Hub</b> \$25.54	<b>MISO Indiana Hub</b> \$46.03	<b>NYISO Zone G</b> \$31.75
<b>PJM West Hub</b> \$47.78	<b>ERCOT North</b> \$54.65	<b>CAISO SP15</b> \$22.33
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jun-18	2.914	0.006
Jul-18	2.955	0.019
12 Month	2.955	0.018
Cal 19	2.801	0.011
Cal 20	2.718	-0.002

**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%

