

Early Morning Update:

The Jun18 natural gas contract is flat at \$2.94. The Jul18 crude contract is down \$1.88 at \$68.83.

Summary: The NYMEX prompt month contract continued its march towards \$3.00 yesterday by moving up \$.026 to close at \$2.94. Yesterdays settle was the highest prompt month settle in nearly 4 months. The primary reason for the month higher has been the above average temperatures that have blanketed almost all of the country, causing an increase in gas demand for power generation. As you can see from the weather maps below, it appears as though these warm conditions are set to stay with us for at least the next two weeks. Texas especially is experiencing very warm temperatures. And because of the tight reserve margin this year, we are already seeing high prices. Prices for August in ERCOT are trading near \$240 onpk, a sign of real concern.

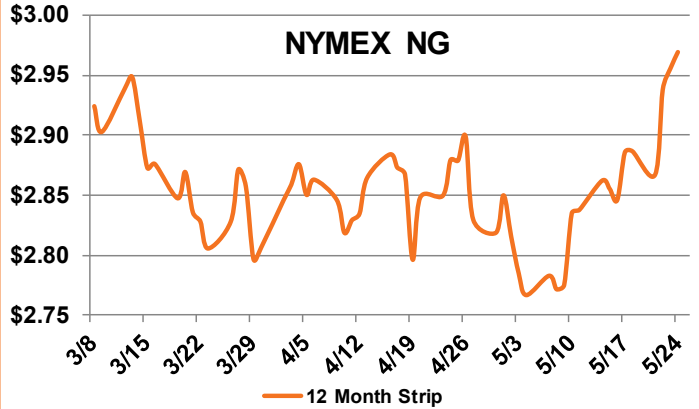
Starting next week (June 1) it's PLC/cap tag/4CP season. Contact your Direct Energy representative for strategies to reduce usage and save money.

Bullish Factors

- Above average temps
- LNG exports ramping up
- Higher power burns

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



Next Day On-Peak Power (traded for 5/25/2018)

ISO-NE Mass Hub \$30.01	MISO Indiana Hub \$48.85	NYISO Zone G \$37.00
PJM West Hub \$56.81	ERCOT North \$70.00	CAISO SP15 \$10.03
NYMEX NG		
	Close	Change
Jun-18	2.940	0.026
Jul-18	2.971	0.016
12 Month	2.969	0.014
Cal 19	2.807	0.005
Cal 20	2.711	-0.007

EIA Natural Gas Storage				
EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,629	1,538	2,433	2,127
Diff v. Current		91	-804	-498
% Diff			-33.0%	-23.4%

