

Early Morning Update:

The Jun18 natural gas contract is trading down \$0.05 at \$2.89. The Jul18 crude contract is down \$0.63 at \$67.25.

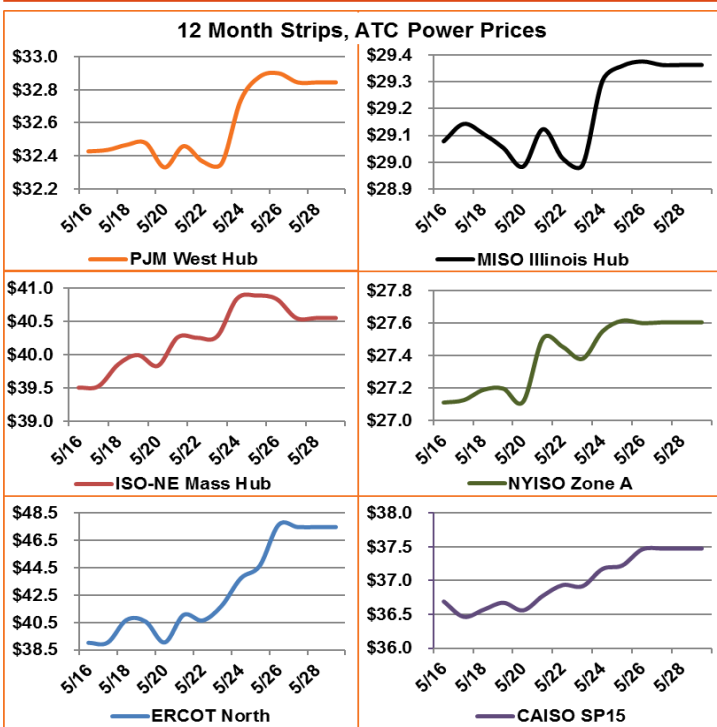
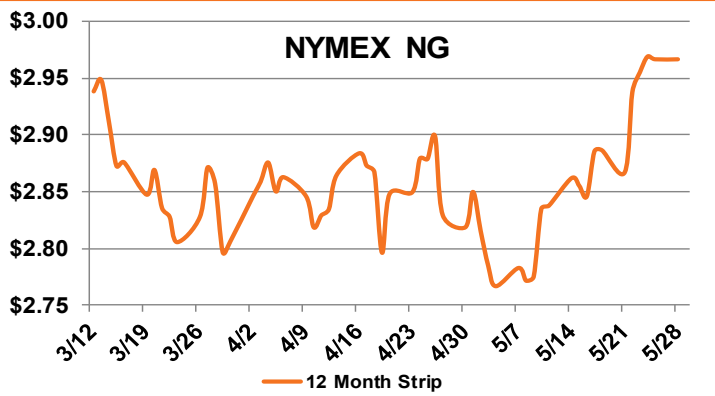
Summary: The June prompt month barely moved on Friday, its penultimate day of trading, losing just \$0.001 in the face of higher-than-normal temperatures and rising power burns. June 2018 settled at \$2.939/MMBtu, the 12-month strip lost \$0.002 to \$2.966, and 2019 and 2020 also stayed relatively flat at \$2.806 and \$2.709, respectively. Calendars 2022 and 2023 hit new all-time lows on Friday, reaching \$2.703 and \$2.755, respectively. Temperatures over the next few days are expected to be much above normal for most of the country, but will likely see a cooling off by this weekend in the East and Midwest. The West Coast, however, is expected to remain five to eight degrees above normal through the middle of June. Power burns are up in correlation with hotter May temperatures, more than 10% above 2017 month-to-date averages. This early cooling demand may limit injections that current production levels might imply, but supply is still expected to stay fairly strong around 78 Bcf/d through the next two weeks.

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 5/29/2018)

ISO-NE Mass Hub \$32.00	MISO Indiana Hub \$56.95	NYISO Zone G \$36.13
PJM West Hub \$61.27	ERCOT North \$60.84	CAISO SP15 \$34.50
NYMEX NG	Close	Change
Jun-18	2.939	-0.001
Jul-18	2.963	-0.008
12 Month	2.966	-0.002
Cal 19	2.807	0.000
Cal 20	2.709	-0.001

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%

