

Early Morning Update:

The Jul17 natural gas contract is trading down \$0.12 at \$3.19.
The Jul17 crude contract is down \$0.35 at \$49.45.

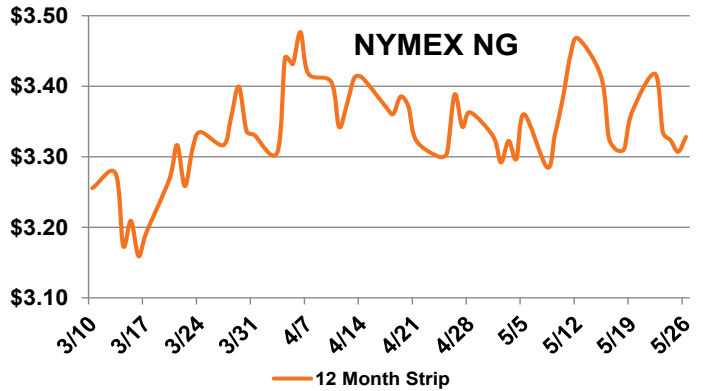
Summary: The June NYMEX natural gas contract expired on Friday ahead of the holiday weekend, and closed trading up 5 cents on the day at \$3.236/MMBtu. Despite finishing the day higher, the prompt month has come off about 5% over the past two weeks amid differing mid- and long-range forecasts. The six-to-fourteen day forecast shows normal temperatures on a nationwide basis, implying weak residential/commercial demand, as well as low power burn. Conversely, the current outlook for the June-August period is indicating higher than average temperatures across most of the East and West Coasts, which may provide support for fueling electric sector gas consumption as the summer continues. Production continues to hover around the 71 Bcf/day mark, and we are currently on pace for the lowest May injections into natural gas storage on record. Looking forward, an additional pull on demand will be the fourth train at the Sabine Pass LNG export facility, expected to become operational in August.

Bullish Factors

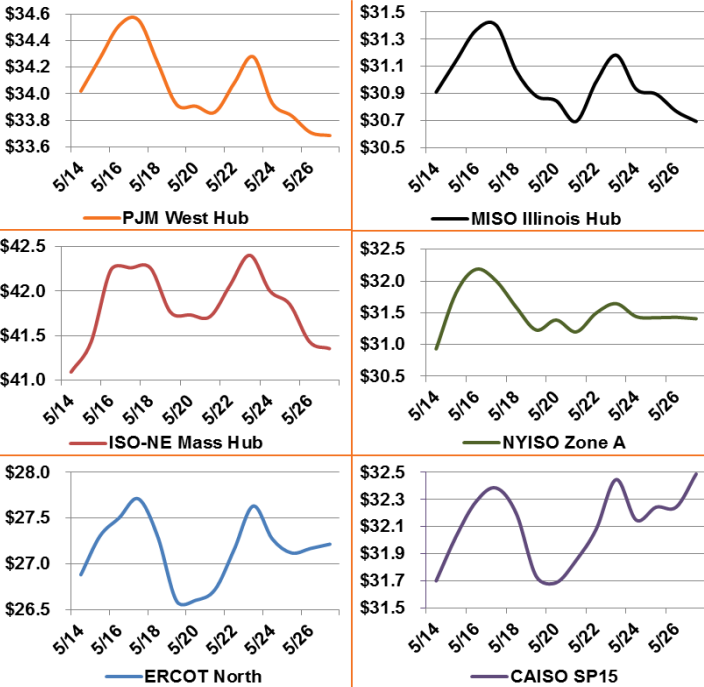
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 5/30/2017)

ISO-NE Mass Hub \$22.70 5/27/17	MISO Indiana Hub \$29.19 5/27/17	NYISO Zone G \$24.88 5/27/17
PJM West Hub \$33.00	ERCOT North \$31.65 5/27/17	CAISO SP15 \$38.95
NYMEX NG	Close	Change
Jun-17	3.236	0.052
Jul-17	3.310	0.035
12 Month	3.328	0.021
Cal 18	3.106	0.011
Cal 19	2.860	-0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,444	2,369	2,815	2,203
Diff v. Current		75	-371	241
% Diff			-13.2%	10.9%

