

**Early Morning Update:**

The Jul18 natural gas contract is trading up \$0.05 at \$2.94. The Jul18 crude contract is down \$1.46 at \$66.75.

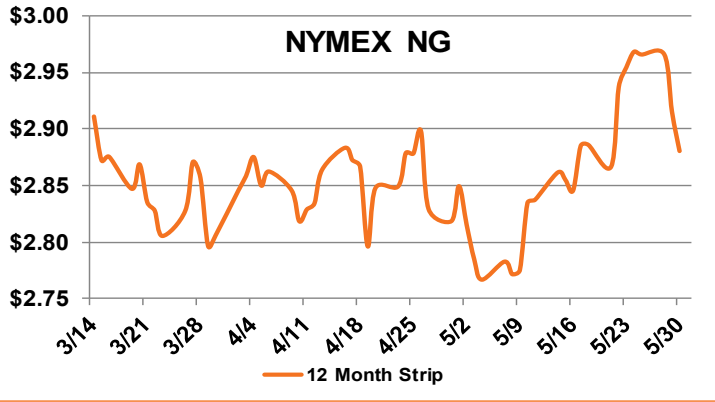
**Summary:** In its debut as the prompt month, the July natural gas contract slipped 1.8 cents to settle at \$2.885/MMBtu yesterday, as bearish fundamentals creep into the picture. Weather outlooks have been cooling in the eastern U.S., the market is expecting its second triple-digit storage injection of the season, and U.S. dry production hit an all-time high of 78.9 Bcf/d on Tuesday. Estimates for the weekly growth in storage inventories range from 97 to 105 Bcf, with a consensus at 100 Bcf. A build at that level would be an improvement over last week's 91 Bcf injection, and top the 80 Bcf build seen last year for the same week, as well as the 97 Bcf five-year average. Normal and below-normal temperatures are forecast for key demand areas over the next two weeks, which should result in reduced demand from the power generation sector, and with production at record levels, it is likely that storage building will continue at a healthy pace going forward. Rig counts continue to rise, with Baker Hughes reporting an increase of 13 gas and oil rigs to a total of 1,059 in the week to May 25, indicating an uptick in production, as well.

**Bullish Factors**

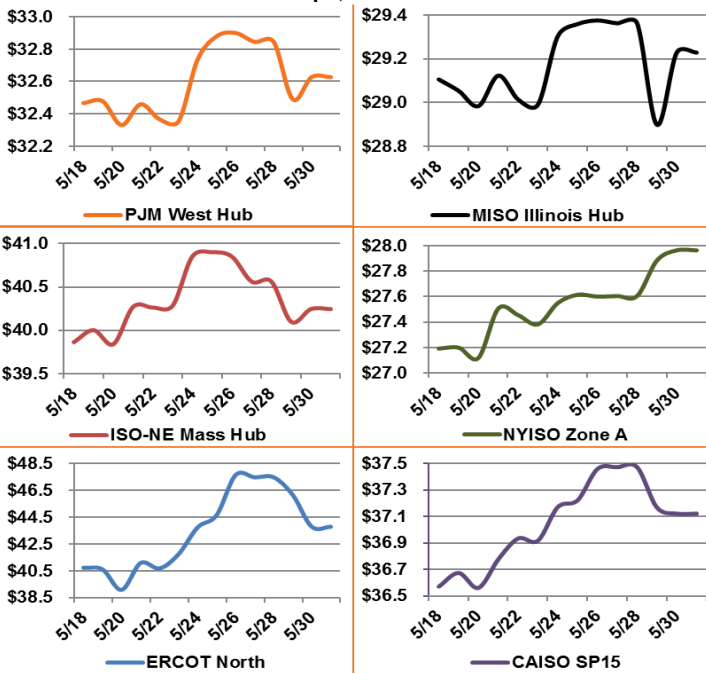
- Above-average temps
- LNG exports ramping up
- Higher power burns

**Bearish Factors**

- NG production at record levels
- Growing renewable energy generation



**12 Month Strips, ATC Power Prices**



**Next Day On-Peak Power (traded for 5/31/2018)**

ISO-NE Mass Hub \$26.82	MISO Indiana Hub \$62.77	NYISO Zone G \$29.51
PJM West Hub \$49.93	ERCOT North \$58.00	CAISO SP15 \$23.29
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jul-18	2.885	-0.018
Aug-18	2.905	-0.018
12 Month	2.881	-0.014
Cal 19	2.769	-0.006
Cal 20	2.688	0.001

**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>	1,629	1,538	2,433	2,127
<b>Diff v. Current</b>		91	-804	-498
<b>% Diff</b>			-33.0%	-23.4%

