

**Early Morning Update:**

The Jul19 natural gas contract is trading down \$0.01 at \$2.44. The Jul19 crude oil contract is up \$0.55 at \$54.05.

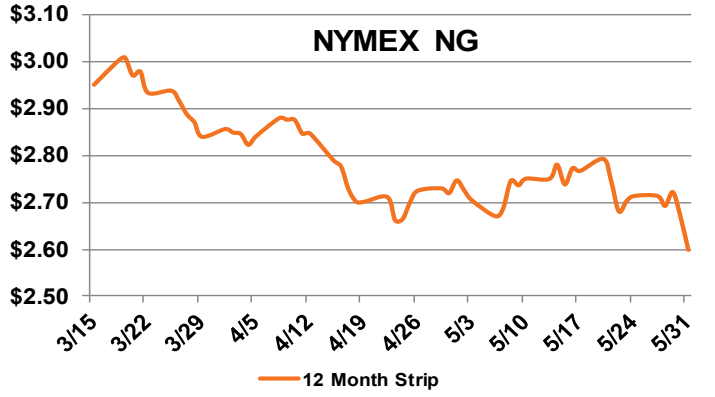
**Summary:** On Friday, the Jul19 NYMEX natural gas futures price depressed by 9.3 cents on the day to settle at \$2.454/MMBtu, and has fallen 17 cents over the past couple of days. Pricing has fallen despite increased power burn levels. Global demand has been brought into question, as new tariffs were established on Mexico. This, along with the current tariff on China, could lower the overall U.S. export demand for natural gas and oil. The EIA reported an injection of 114 Bcf, which was far greater than market expectations and the historical benchmarks, adding to the bearish fundamentals pushing down near-term pricing. Total U.S. dry production has been steady, averaging around 87.5 Bcf/d over the past week. On Saturday, the Columbia Gas Transmission pipeline (TCO) issued a force majeure, initiating pressure reduction along the pipeline due to inspections at the Summerfield Compressor Station, and has lowered Northeast production. The warm start to June seems to be short-lived, as weather forecasts are now predicting cooler temperatures in the Northeast, a major demand center for natural gas, with normal temperatures to follow through the majority of June. The warmer-than-normal temps return to the West Coast in the 6-10 and 11-15 day forecasts, while Texas seems to remain normal throughout this month.

**Bullish Factors**

- High LNG exports
- Below-average storage levels
- Attention turning to summer

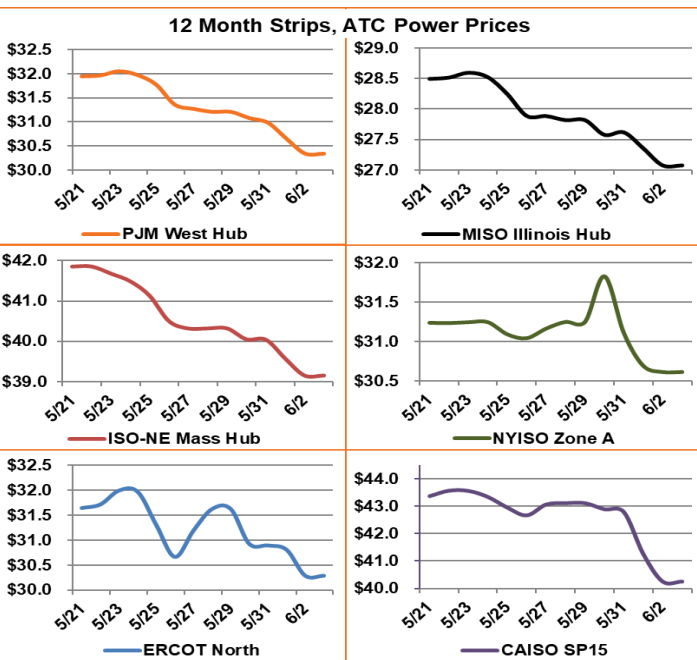
**Bearish Factors**

- Record NG production
- Higher associated gas production
- Mild temps



**Next Day On-Peak Power (traded for 6/3/2019)**

ISO-NE Mass Hub \$30.69	MISO Indiana Hub \$24.13	NYISO Zone G \$23.00
PJM West Hub \$24.98	ERCOT North \$28.79	CAISO SP15 \$26.32
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jul-19	2.454	-0.093
Aug-19	2.460	-0.097
12 Month	2.599	-0.069
Cal 20	2.640	-0.035
Cal 21	2.643	-0.007



**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>	1,867	1,753	1,711	2,124
<b>Diff v. Current</b>		114	156	-257
<b>% Diff</b>			9.1%	-12.1%

