

**Early Morning Update:**

The Jul17 natural gas contract is trading down \$0.01 at \$2.99.  
The Jul17 crude contract is down \$0.66 at \$47.00.

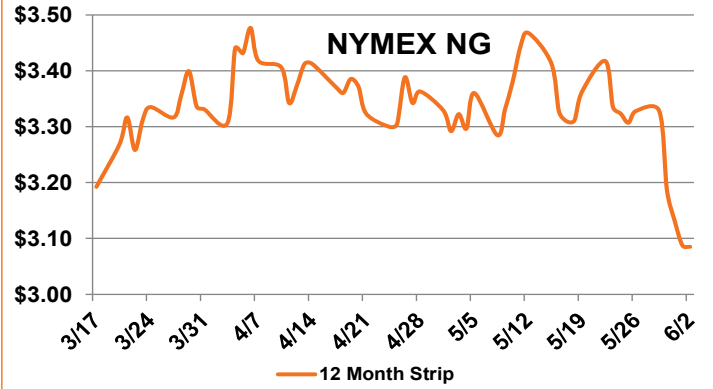
**Summary:** After a bit of volatility during the day on Friday, NYMEX July natural gas futures just barely broke through the \$3.00 barrier, ending the trading session down 0.9 cent to settle at \$2.999/MMBtu. Bearish fundamentals, such as moderating weather forecasts, which can diminish the amount of heating demand while staving off cooling demand, are expected through the next couple of weeks, along with a higher than expected injection to storage reported last week, continue to put downward pressure on prices. Production is on the rise, averaging 71.6 Bcf/d last week, as well as rig counts, which have almost doubled from the numbers we saw at the low point in 2016. With production on the rise and demand declining, this could significantly alter the natural gas supply/demand balance. Money managers net long positions have depressed to 172,532 contracts from the 234,025 seen last week, according to data from the U.S. Commodity Futures Trading Commission.

**Bullish Factors**

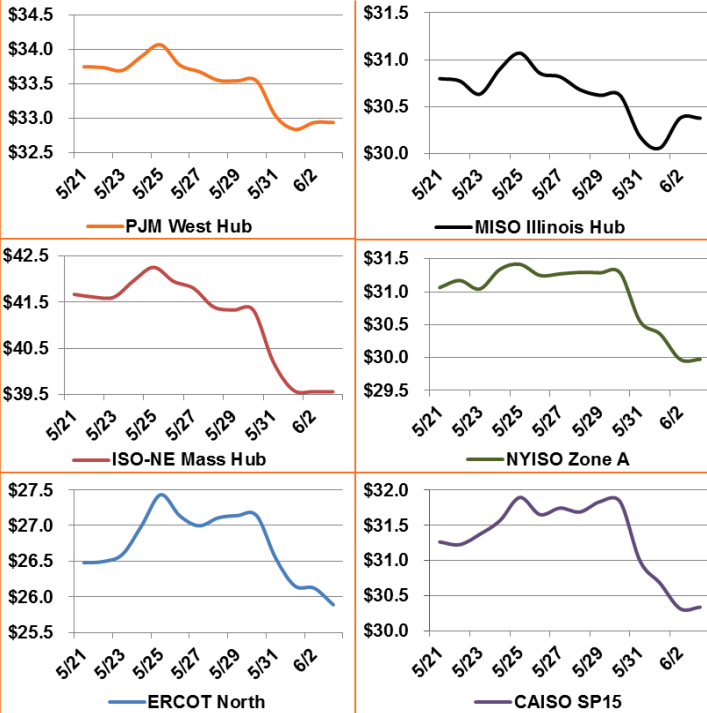
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**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 6/5/2017)**

<b>ISO-NE Mass Hub</b> \$23.00	<b>MISO Indiana Hub</b> \$33.05 6/3/17	<b>NYISO Zone G</b> \$25.00
<b>PJM West Hub</b> \$30.85	<b>ERCOT North</b> \$29.00 6/3/17	<b>CAISO SP15</b> \$35.25
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
<b>Jul-17</b>	2.999	-0.009
<b>Aug-17</b>	3.041	-0.006
<b>12 Month</b>	3.085	-0.003
<b>Cal 18</b>	3.016	0.005
<b>Cal 19</b>	2.862	0.012

**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>	2,525	2,444	2,895	2,300
<b>Diff v. Current</b>		81	-370	225
<b>% Diff</b>			-12.8%	9.8%

