

Early Morning Update:

The Jul18 natural gas contract is down \$.03 at \$2.90. The Jul18 crude contract is down \$0.20 at \$64.55.

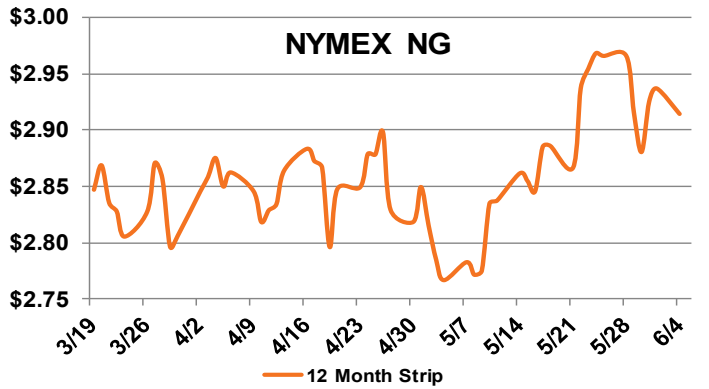
Summary: The natural gas market slipped with lower demand over the weekend and on Monday, with the prompt month of July falling three cents to \$2.93/MMBtu. The 12-month strip lost two cents to \$2.914, 2019 went down nearly two cents to \$2.792, and 2020 fell over a cent to \$2.693. The 2021-2023 calendar strips hit all-time lows (again!) yesterday, at \$2.66, \$2.67, and \$2.71, respectively. Temperatures across the country are varied over the 20-day forecast, with above-normal temperatures dominating the West and Midwest forecast, and the East Coast showing moderate, normal temperatures overall. Demand is expected to continue slightly above last June's average, by about 7%. This is being mainly driven by power burn, which is running 10% higher than 2017. Production is not expected to move significantly from current levels of 77-78 Bcf/d, which could limit injections into storage and the ability to overcome the sizeable current storage deficit.

Bullish Factors

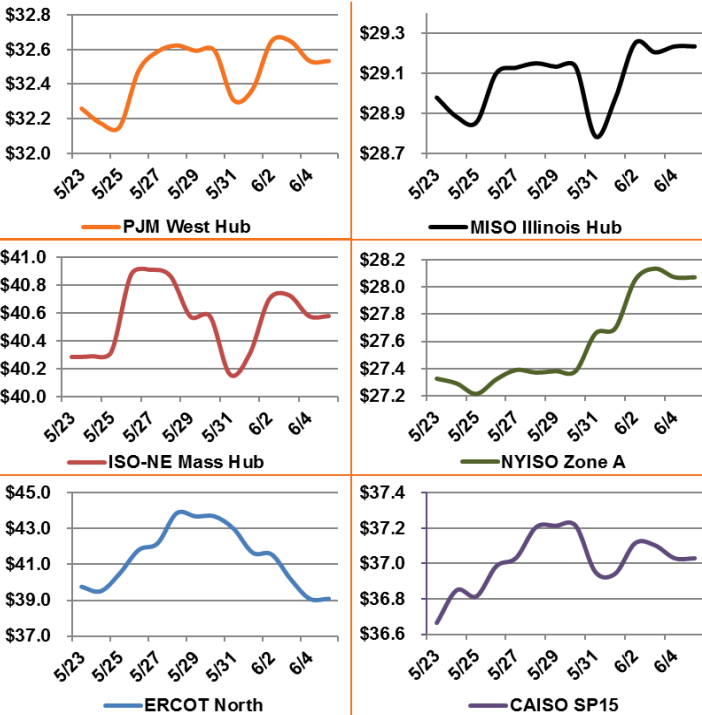
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Strong NG production
- Growing renewable energy generation
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12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 6/5/2018)

ISO-NE Mass Hub \$26.63	MISO Indiana Hub \$36.16	NYISO Zone G \$28.07
PJM West Hub \$29.67	ERCOT North \$43.14	CAISO SP15 \$30.13
NYMEX NG	Close	Change
Jul-18	2.930	-0.032
Aug-18	2.943	-0.033
12 Month	2.915	-0.023
Cal 19	2.792	-0.017
Cal 20	2.693	-0.015

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,725	1,629	2,514	2,225
Diff v. Current		96	-789	-500
% Diff			-31.4%	-22.5%

