

Early Morning Update:

The Jul18 natural gas contract is trading down \$0.01 at \$2.88. The Jul18 crude contract is down \$0.42 at \$65.10.

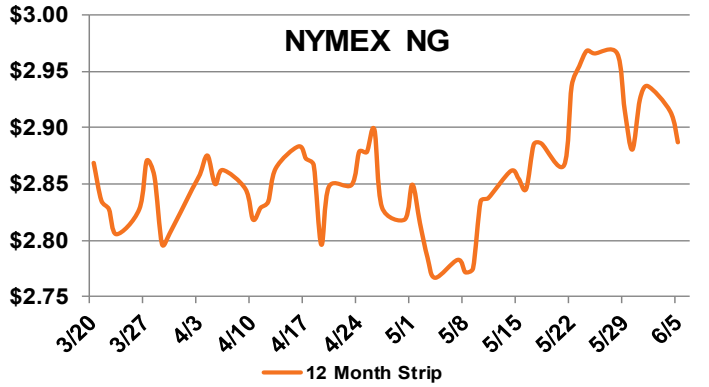
Summary: After trading in a range of \$2.87 to \$2.93, searching for direction, the July NG NYMEX contract settled back below \$2.90 for the first time since May 20, at \$2.89/MMBtu yesterday, 0.4 cents lower than Monday's settlement. U.S. natural gas demand has waned since the start of June, primarily due to moderating temperatures attributing to lower power burn, natural gas demand for electricity generation. Near-term downside could be limited, as the National Weather Service revised forecasts warmer day-over-day. Most analysts also believe industrial demand growth could be just around the corner. The latest buzz in the market is a draft memo advocating the DOE save at-risk coal and nuclear generators from retiring, and was allegedly considered at a recent National Security Council meeting. Depending on the result, this could impact future power burn demand. Since the news hit the market late last week, NG calendar strips 2020-2024 remain at or near all-time lows.

Bullish Factors

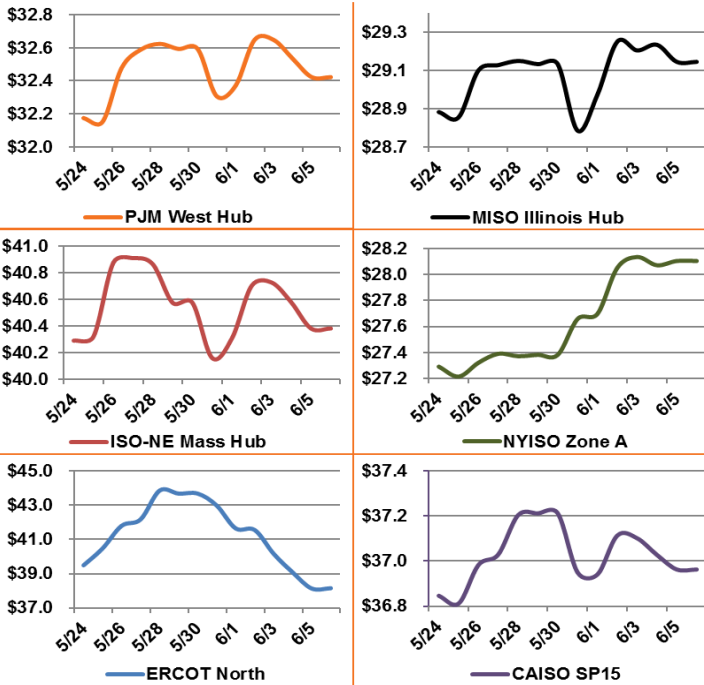
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 6/6/2018)

ISO-NE Mass Hub \$26.53	MISO Indiana Hub \$34.75	NYISO Zone G \$27.46
PJM West Hub \$28.00	ERCOT North \$41.50	CAISO SP15 \$27.13
NYMEX NG	Close	Change
Jul-18	2.890	-0.040
Aug-18	2.907	-0.036
12 Month	2.887	-0.027
Cal 19	2.774	-0.019
Cal 20	2.685	-0.007

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%

