

**Early Morning Update:**

The Jul18 natural gas contract is trading up \$0.03 at \$2.92. The Jul18 crude contract is up \$0.61 at \$65.34.

**Summary:** Wednesday was a quiet day for gas trading as the market settled up \$.06 at \$2.896. Much of the focus this summer is centered around the current storage deficit and production and pipeline gains needed to bring storage levels back in-line with the 5 year benchmark.

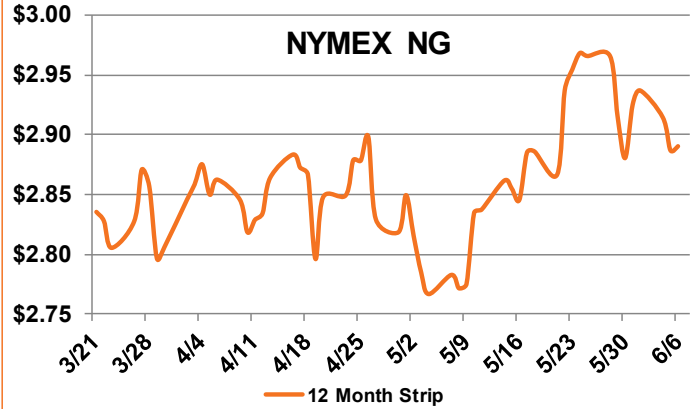
Nationally, storage levels are currently 22% below the 5 year average, which represents a shortfall of 500Bcf. Increases in production facilitated by pipeline expansion are expected to help address the shortfall. Northeast production is on pace to increase ~5Bcf from 24 Bcf last summer closer to 29Bcf for summer 2018. This would represent 20% increase in production from the Marcellus/Utica region year over year. With regional gas prices suppressed in the Northeast and pipeline expansion projects coming on-line this summer, more gas is expected to flow South and West to higher priced markets to help reduce regional storage deficits in preparation for the upcoming winter season. The amount of gas available to be injected will depend on weather, power burn demand, as well as net import/exports. The market is predicting a 94Bcf injection into storage when the EIA releases the weekly storage report, later this morning. This would register slightly below both last year and the 5 year average injections of 103/104Bcf respectively.

**Bullish Factors**

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

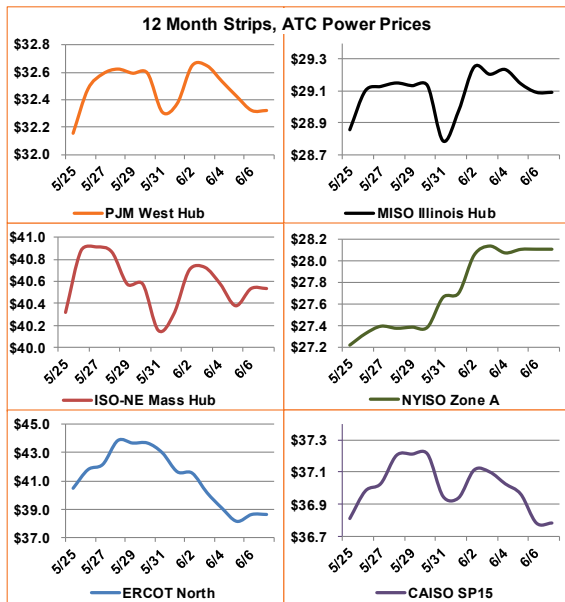
**Bearish Factors**

- Strong NG production
- Growing renewable energy generation
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**Next Day On-Peak Power (traded for 6/7/2018)**

ISO-NE Mass Hub \$26.63	MISO Indiana Hub \$38.75	NYISO Zone G \$27.63
PJM West Hub \$32.57	ERCOT North \$35.50	CAISO SP15 \$28.10
<b>NYMEX NG</b>		<b>Close</b>
<b>Jul-18</b>		<b>2.896</b>
<b>Aug-18</b>		<b>2.909</b>
<b>12 Month</b>		<b>2.891</b>
<b>Cal 19</b>		<b>2.775</b>
<b>Cal 20</b>		<b>2.685</b>
		<b>Change</b>
<b>Jul-18</b>		<b>0.006</b>
<b>Aug-18</b>		<b>0.002</b>
<b>12 Month</b>		<b>0.003</b>
<b>Cal 19</b>		<b>0.002</b>
<b>Cal 20</b>		<b>0.000</b>



**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>	<b>1,725</b>	<b>1,629</b>	<b>2,514</b>	<b>2,225</b>
<b>Diff v. Current</b>		<b>96</b>	<b>-789</b>	<b>-500</b>
<b>% Diff</b>			<b>-31.4%</b>	<b>-22.5%</b>

