

Early Morning Update:

The Jul17 natural gas contract is trading flat to yesterday's close at \$3.02. The Jul17 crude contract is down \$0.32 at \$45.40.

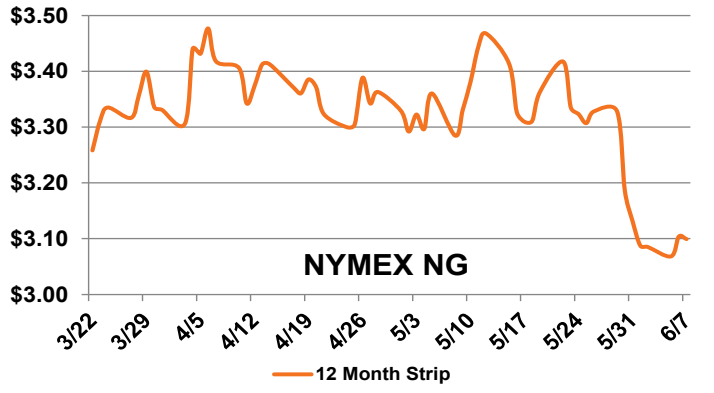
Summary: Near-term natural gas futures continued their downside yesterday, as the prompt month fell 2.2 cents and settled at \$3.020/MMBtu. After hitting a 2.5 month low on Monday, bargain hunters took advantage of lower prices and pushed prices back up on Tuesday, but selling resumed on Wednesday, as the market brushed off concerns over warmer-than-normal temperatures enveloping the eastern half of the country in the next ten days. Oil prices took a tumble yesterday, as well, with July crude plunging to \$45.72/bbl, a day-over-day drop of \$2.47. Bentek is expecting the U.S. Energy Information Administration to report this morning that the amount of gas in storage grew by 98 Bcf in the week to June 2. If their estimate is correct, this would be the first build in five weeks greater than the five-year average, which is 94 Bcf for the reporting week. It would also be far more than the 68 Bcf injection for the same week last year. The projected end-of-season storage level has been creeping up lately, and is now 3.82 Tcf.

Bullish Factors

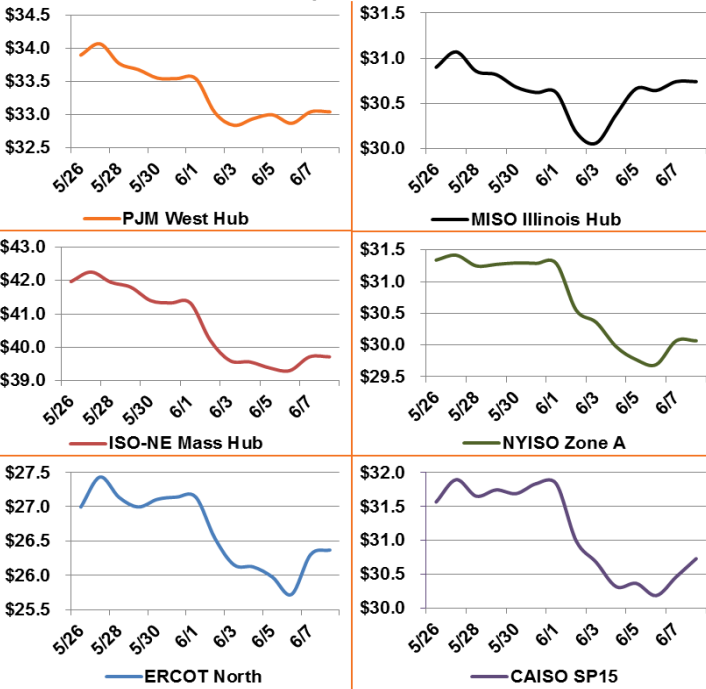
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- Producer hedging



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 6/8/2017)

ISO-NE Mass Hub \$23.03	MISO Indiana Hub \$32.59	NYISO Zone G \$24.81
PJM West Hub \$25.25	ERCOT North \$29.44	CAISO SP15 \$30.08
NYMEX NG	Close	Change
Jul-17	3.020	-0.022
Aug-17	3.054	-0.022
12 Month	3.099	-0.004
Cal 18	3.026	0.004
Cal 19	2.864	0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,525	2,444	2,895	2,300
Diff v. Current		81	-370	225
% Diff			-12.8%	9.8%

