

Early Morning Update:

The Jul18 natural gas contract is down \$0.04 at \$2.89. The Jul18 crude contract is down \$0.21 at \$65.74.

Summary: The NYMEX prompt month saw a small increase in pricing yesterday, moving up \$.034 to close at \$2.93. A slightly disappointing storage report (+92 vs +96 expected) seemed to be the primary driver.

Power markets saw more volatility though with the Texas market continuing to move around significantly. The latest moves reflect weather forecasts that show milder conditions than forecasts a week ago. The June balance/month contract has sold off sharply and July-Aug has moved down as well (although not nearly as much). California prices have also eased a bit along with weather forecasts. We still have a long way to go for this summer and more volatility is likely, especially in Texas.

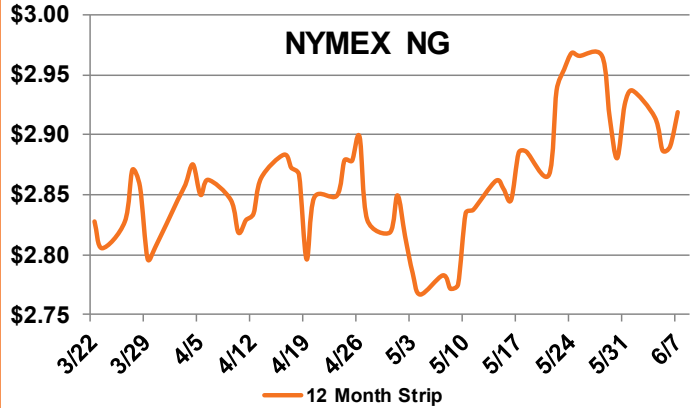
Downstate NY power pricing has risen sharply starting in 2021 due to the potential for emissions limits on power plants. A draft proposal is pending that will determine the impact.

Bullish Factors

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

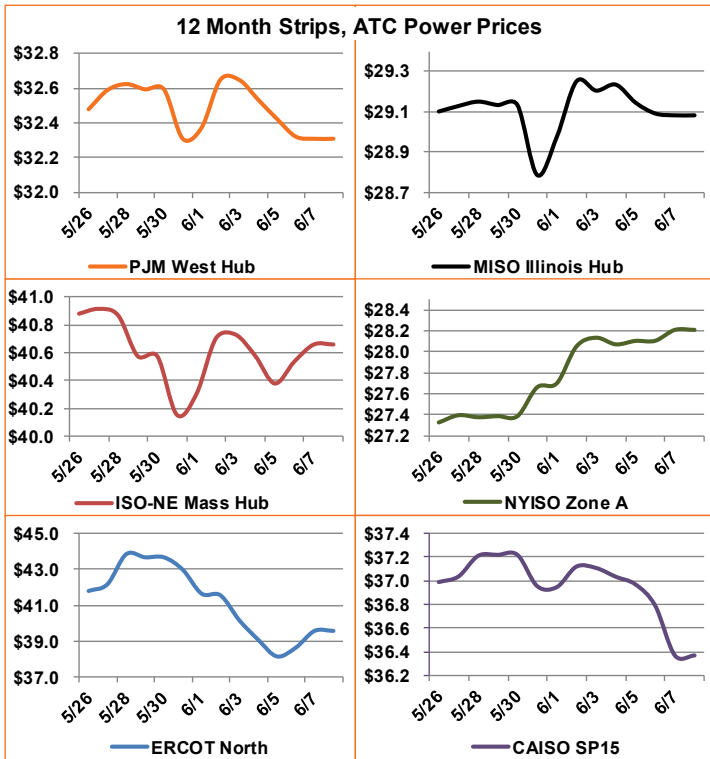
Bearish Factors

- Strong NG production
- Growing renewable energy generation
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Next Day On-Peak Power (traded for 6/8/2018)

ISO-NE Mass Hub \$29.24	MISO Indiana Hub \$40.56	NYISO Zone G \$30.85
PJM West Hub \$35.83	ERCOT North \$37.00	CAISO SP15 \$23.13
NYMEX NG		
	Close	Change
Jul-18	2.930	0.034
Aug-18	2.939	0.030
12 Month	2.919	0.029
Cal 19	2.794	0.019
Cal 20	2.684	-0.002



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,817	1,725	2,616	2,329
Diff v. Current		92	-799	-512
% Diff			-30.5%	-22.0%

