

**Early Morning Update:**

The Jul17 natural gas contract is trading up \$0.01 at \$3.04. The Jul17 crude contract is up \$0.06 at \$45.70.

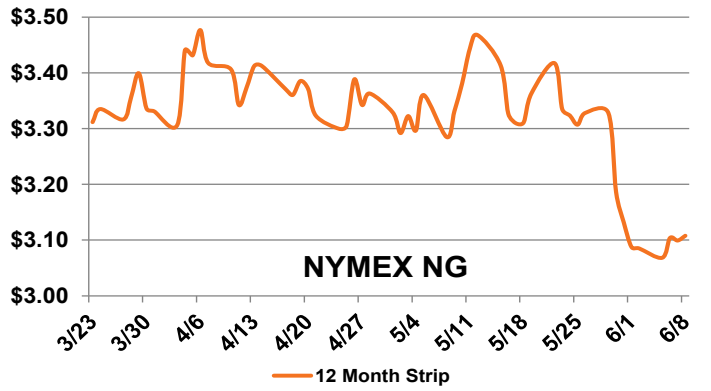
**Summary:** Despite news of the largest storage build this season, the market was relatively unchanged day-over-day. The U.S. Energy Information Administration reported that the amount of gas in storage grew by 106 Bcf in the week to June 2, beating almost all estimates, which ranged from 92 to 106 Bcf, as well as the five-year average (94 Bcf) and the injection seen last year for the same week (68 Bcf). Total gas in storage now stands at 2,631 Bcf, 332 Bcf (11%) below last year at this time, and 237 Bcf (10%) above the five-year average. The prompt month dropped three cents when the report was issued at 10:30 on Thursday, but bounced and recovered immediately, finishing the day at \$3.028/MMBtu, up 0.8 cent. Strong heat in the Northeast and the Midwest forecast for next week is helping support near-term prices, as demand for natural gas used for power generation is expected to increase as cooling load grows. Although cooler temperatures in other regions could help dampen cooling demand, the pace of storage-building is expected to slow down, offering additional support for prices.

**Bullish Factors**

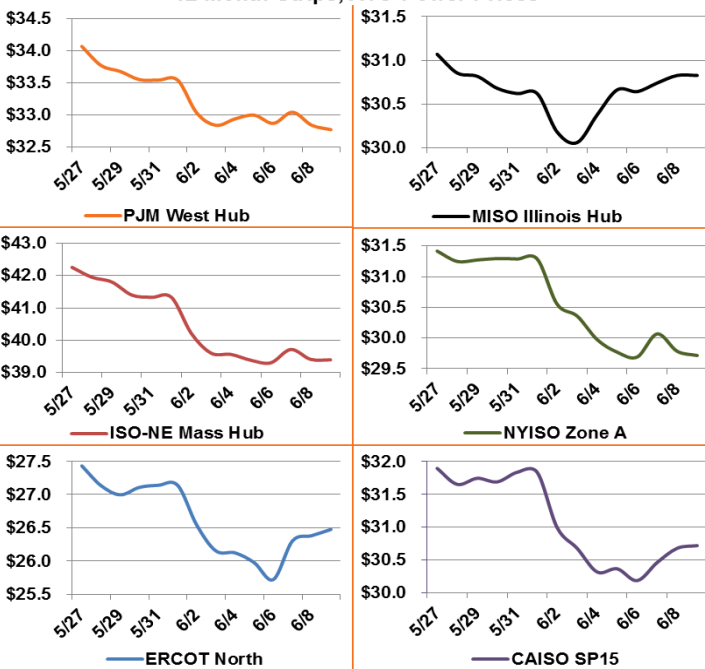
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**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 6/9/2017)**

<b>ISO-NE Mass Hub</b> \$21.17	<b>MISO Indiana Hub</b> \$35.92	<b>NYISO Zone G</b> \$24.54
<b>PJM West Hub</b> \$27.40	<b>ERCOT North</b> \$27.93	<b>CAISO SP15</b> \$20.93
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jul-17	3.028	0.008
Aug-17	3.062	0.008
12 Month	3.108	0.009
Cal 18	3.035	0.009
Cal 19	2.869	0.005

**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>	2,631	2,525	2,963	2,394
<b>Diff v. Current</b>		106	-332	237
<b>% Diff</b>			-11.2%	9.9%

