

Early Morning Update:

The Jul18 natural gas contract is trading up \$0.02 at \$2.97. The Jul18 crude contract is down \$0.02 at \$66.08.

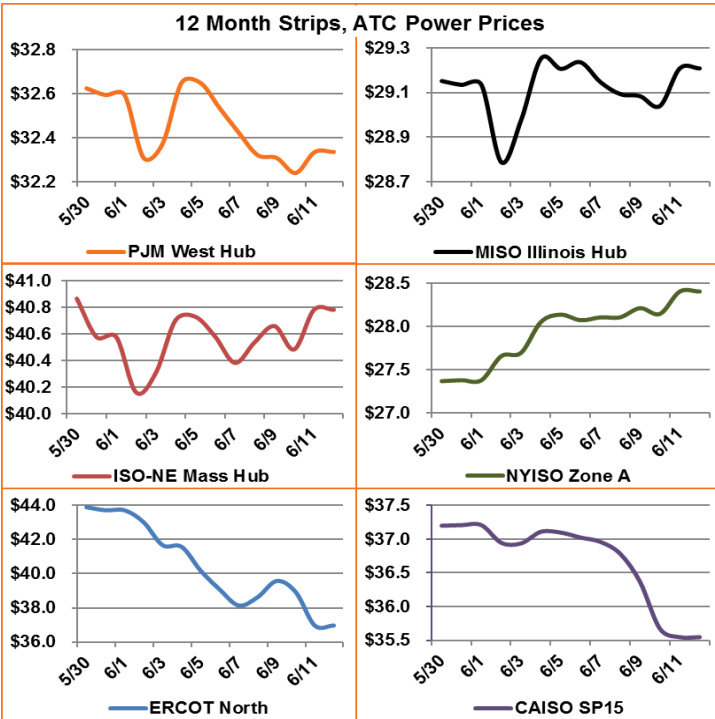
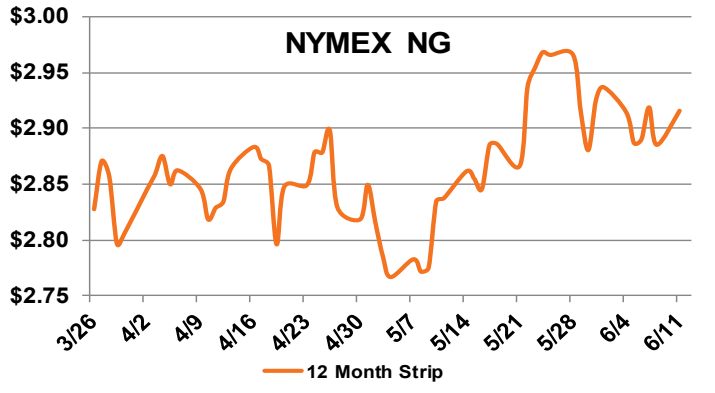
Summary: The near-term natural gas market posted gains on Monday, fueled by continuing concerns on storage levels and warmer temperatures across large portions of the country. The prompt month of July rose nearly six cents to \$2.949, the 12-month strip gained three cents to \$2.916, and 2019 and 2020 made small movements upward to \$2.79 and \$2.68, respectively. Interestingly enough, the 2021-23 calendar years all hit new all-time lows, at \$2.64, \$2.65, and \$2.71, respectively. Well-above-average temperatures are expected to move through the Midwest and the East Coast late this week and into the weekend, while the rest of the country begins to moderate. Warmer temperatures continue through the 10-day forecast, but lighten up after that. Storage levels continue to flag at a significant deficit to previous years, and production levels are not moving up as was expected earlier this year. Pipeline capacity in the northeast has stagnated since December, even after the addition of 3.0 Bcf/d of capacity from Rover and Leach Xpress during that time.

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 6/12/2018)

ISO-NE Mass Hub \$26.78	MISO Indiana Hub \$34.86	NYISO Zone G \$27.26
PJM West Hub \$29.00	ERCOT North \$37.01	CAISO SP15 \$44.06
NYMEX NG	Close	Change
Jul-18	2.949	0.059
Aug-18	2.941	0.047
12 Month	2.916	0.031
Cal 19	2.792	0.017
Cal 20	2.680	0.005

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%

