

Early Morning Update:

The Jul19 natural gas contract is trading down \$0.01 at \$2.39. The Jul19 crude oil contract is down \$1.37 at \$51.90.

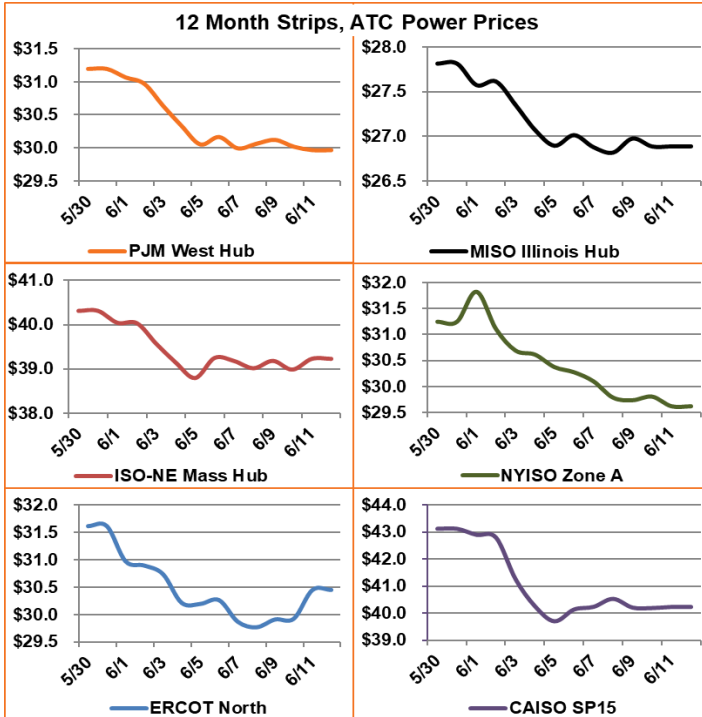
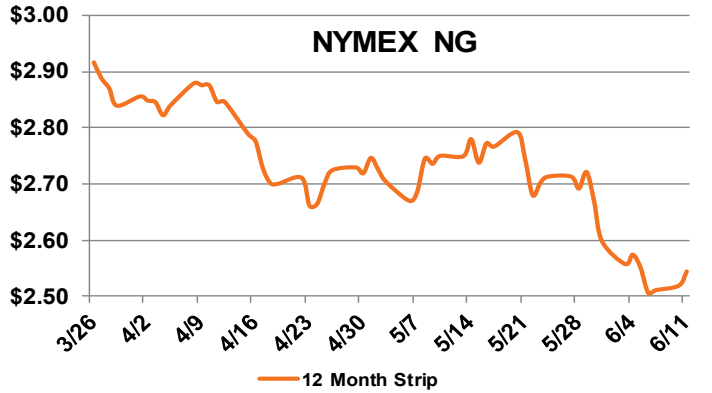
Summary: Marking a three day streak of gains, the NYMEX HH prompt month settled 4.2 cents higher yesterday at \$2.399. Slightly higher demand expectations and lower supply were the attributed drivers for the move higher and with prices so low, even the smallest bullish fundamental changes are likely to have an impact. The 12 month strip also posted gains, settling at \$2.545 yesterday and calendar 2020 moved about a penny higher to \$2.615. All other calendar strips were unchanged day-over day. The EIA released their "[Short-Term Energy Outlook](#)" for June yesterday. Notable Forecast Changes included lowering the Brent Crude price projection for 2019 by ~\$3 since last month's publication. The EIA cited lower global demand growth compared to expectations as the cause for lowering their forecast to ~\$67/barrel. On the Natural Gas side, the EIA expects that spot prices will average \$2.77/MMBtu in both 2019 and 2020 citing strong production growth, forecasting an average of 90.6 Bcf/d this year and 91.8 Bcf/d in 2020, as the cause for ~14% lower spot prices in 2019 and 2020 compared to the 2018 average.

Bullish Factors

- High LNG exports
- Below-average storage levels
- Attention turning to summer

Bearish Factors

- Record NG production
- Higher associated gas production
- Mild temps



Next Day On-Peak Power (traded for 6/12/2019)

ISO-NE Mass Hub \$24.48	MISO Indiana Hub \$24.24	NYISO Zone G \$25.43
PJM West Hub \$22.98	ERCOT North \$22.49	CAISO SP15 \$51.41
NYMEX NG	Close	Change
Jul-19	2.399	0.042
Aug-19	2.393	0.043
12 Month	2.545	0.025
Cal 20	2.615	0.010
Cal 21	2.631	0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,986	1,867	1,804	2,226
Diff v. Current		119	182	-240
% Diff			10.1%	-10.8%

