

Early Morning Update:

The Jul18 natural gas contract is trading up \$0.03 at \$2.97. The Jul18 crude contract is down \$0.36 at \$66.00.

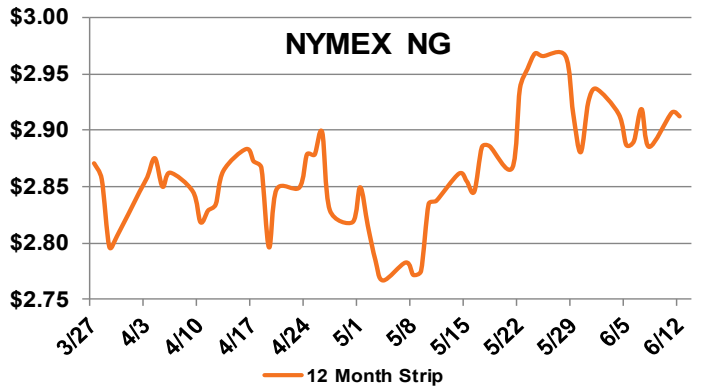
Summary: After trading in a range of \$2.917 to \$2.988/MMBtu, searching for direction, the July NG NYMEX contract settled one cent lower than Monday's close yesterday at \$2.939/MMBtu. Milder temperatures across the Midwest and Northeast since the start of June have kept U.S. natural gas demand at bay, but with a high of 91 degrees forecast on Monday for a PJM average, downside could be limited. Longer-term natural gas contracts increased by one cent, on average, yesterday, but many are still trading near all-time lows. The EIA released their June "Short-Term Energy Outlook" yesterday, the next release is scheduled for July 10. Highlights included a prediction that U.S. dry natural gas production will average 81.2 Bcf/d this year, which would represent 7.6 Bcf/d y-o-y growth, and 83.8 Bcf/d in 2019. As a result of production growth, the EIA predicts liquefied natural gas exports will be able to average 3.0 Bcf/d this year (1.1 Bcf/d higher than 2017) and 5.1 Bcf/d in 2019.

Bullish Factors

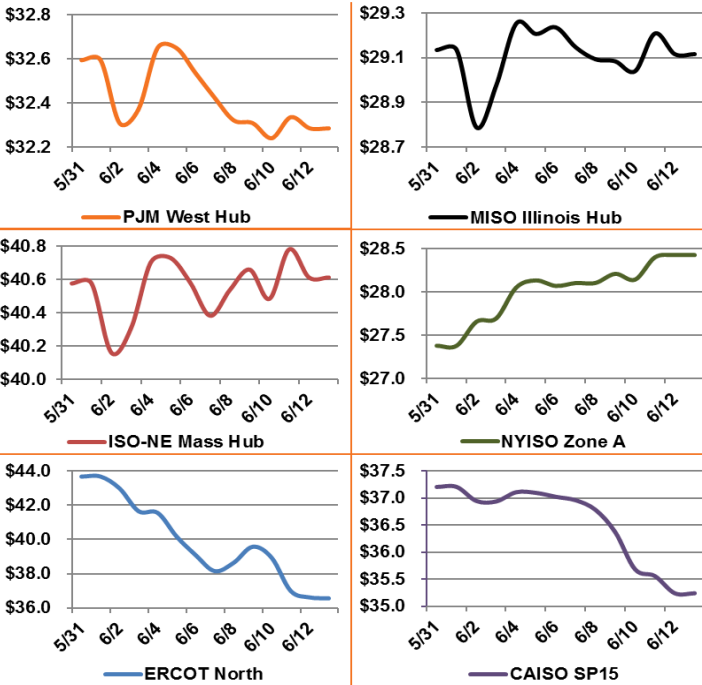
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Strong NG production
- Growing renewable energy generation
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12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 6/13/2018)

ISO-NE Mass Hub \$29.01	MISO Indiana Hub \$36.18	NYISO Zone G \$30.83
PJM West Hub \$33.65	ERCOT North \$36.93	CAISO SP15 \$41.76
NYMEX NG	Close	Change
Jul-18	2.939	-0.010
Aug-18	2.929	-0.012
12 Month	2.913	-0.003
Cal 19	2.795	0.003
Cal 20	2.693	0.013

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%

