

**Early Morning Update:**

The Jul17 natural gas contract is trading down flat to yesterday's close at \$2.93. The Jul17 crude contract is down \$0.18 at \$44.55.

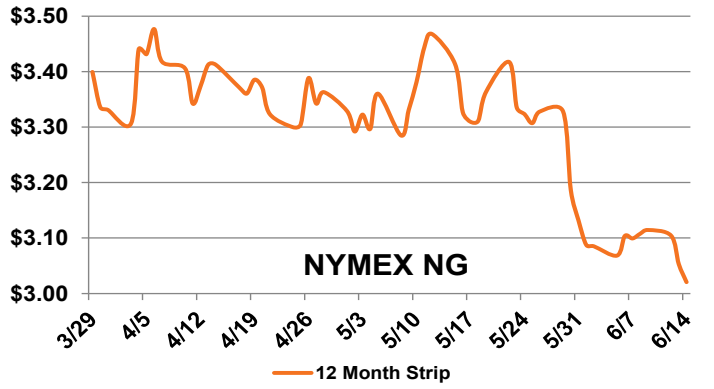
**Summary:** Despite very warm conditions across most of the continental U.S., the Jul17 natural gas contract slid another 3.3 cents in trading on Wednesday to finish the day at \$2.933/MMBtu. The 6-10 and 8-14 day forecasts published by the National Weather Service show below-normal temperatures moving into the Midwest starting the middle of next week, before extending eastward towards the end of the month. Rig counts continue to increase, particularly in the Permian basin, leading to hope for increased supply as we move into the heart of the peak summer demand period. Recent mild weather has led to a marginal increase in the end-of-season storage projection, with natural gas inventories now expected to finish very near the 5-year average at 3.85 Tcf. The market is expecting an 84 Bcf injection when the U.S. Energy Information Administration releases their weekly storage report later this morning, which is higher than last year's posting of 68 Bcf for the same week, and in-line with the 87 Bcf 5-year average.

**Bullish Factors**

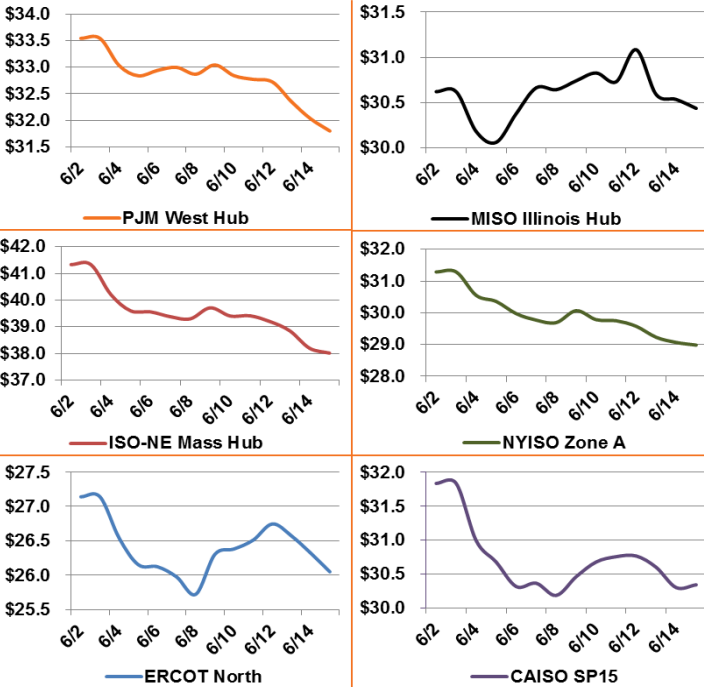
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**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 6/15/2017)**

<b>ISO-NE Mass Hub</b> \$24.15	<b>MISO Indiana Hub</b> \$38.00	<b>NYISO Zone G</b> \$29.64
<b>PJM West Hub</b> \$28.54	<b>ERCOT North</b> \$33.50	<b>CAISO SP15</b> \$32.40
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
<b>Jul-17</b>	2.933	-0.033
<b>Aug-17</b>	2.953	-0.036
<b>12 Month</b>	3.020	-0.032
<b>Cal 18</b>	2.985	-0.026
<b>Cal 19</b>	2.868	-0.007

**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%

