

Early Morning Update:

The Jul18 natural gas contract is trading up \$0.02 at \$2.99. The Jul18 crude contract is down \$0.19 at \$66.70.

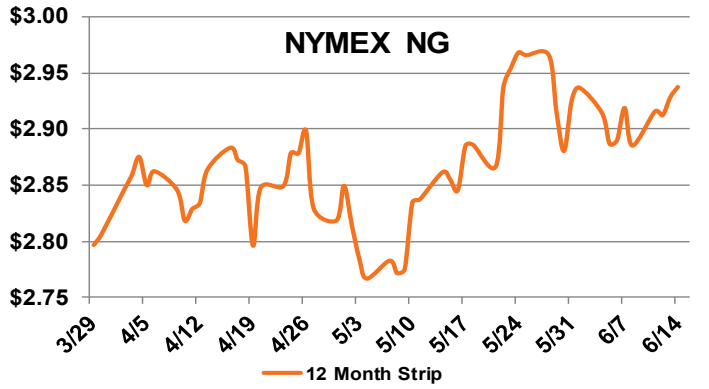
Summary: Despite a very bearish storage injection reported by the U.S. Energy Information Administration, the prompt month natural gas contract barely budged yesterday, as the market expects very strong demand for gas due to hot weather, especially in the East and Midwest. In the week to June 8, storage inventories grew by 96 Bcf, which was much higher than the 88 Bcf estimated by market analysts, and helped pare the deficit to last year down to 785 Bcf (29%), as well as trim the deficit to the five-year average down to 507 Bcf (21%). The Jul18 NYMEX natural gas dropped about two cents on the news, but regained that throughout the day, and ultimately settled at \$2.965/MMBtu, up just 0.2 cent from Wednesday's settle. The prompt month has been range-bound between \$2.70 and \$2.97 for the last two months, and in spite of warmer-than-normal weather and high demand, has been unable to break through the \$3.00 ceiling so far. Production has been strong, though, averaging 77.6 Bcf/d this past week, and is expected to climb to 77.9 Bcf/d over the next week.

Bullish Factors

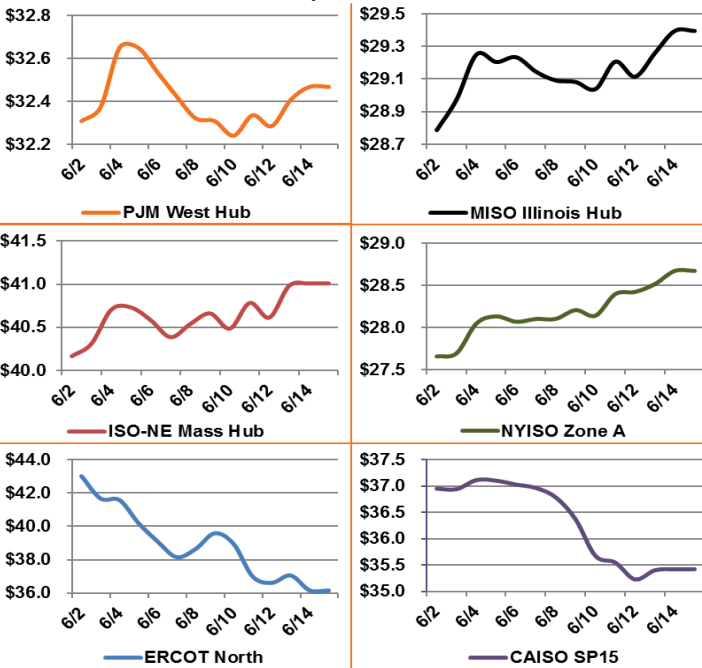
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 6/15/2018)

ISO-NE Mass Hub \$26.10	MISO Indiana Hub \$35.78	NYISO Zone G \$30.10
PJM West Hub \$32.66	ERCOT North \$33.50	CAISO SP15 \$31.50
NYMEX NG	Close	Change
Jul-18	2.965	0.002
Aug-18	2.958	0.010
12 Month	2.938	0.009
Cal 19	2.810	0.006
Cal 20	2.682	-0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,913	1,817	2,698	2,420
Diff v. Current		96	-785	-507
% Diff			-29.1%	-21.0%

