

Early Morning Update:

The Jul17 natural gas contract is trading down flat to yesterday's close at \$3.06. The Jul17 crude contract is up \$0.39 at \$44.85.

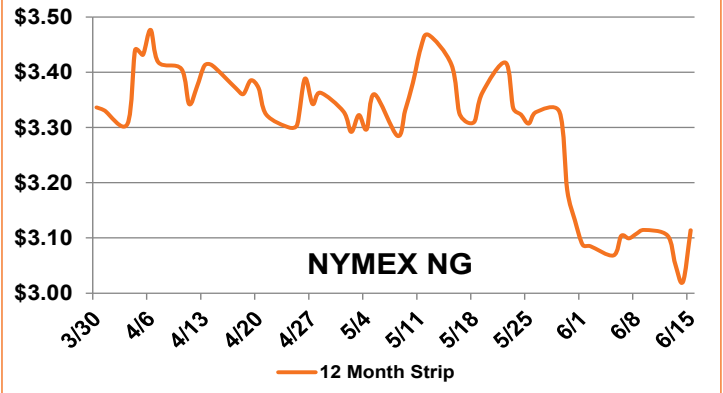
Summary: Natural gas prices did an about-face yesterday, after the U.S. Energy Information Administration reported that storage inventories did not grow nearly as much as most analysts expected. EIA data showed that natural gas stockpiles increased by 78 Bcf in the week to June 9. Injection estimates ranged from 80 to 95 Bcf, with consensus formed around an 88 Bcf build. Although the storage increase was larger than last year's 68 Bcf injection for the same week, it fell short of the 87 Bcf five-year average. The Jul17 natural gas futures contract, which had been trading pretty close to Wednesday's settlement before the storage data was released, jumped up seven cents on the news, and continued to run throughout the afternoon, eventually settling above \$3.00 at \$3.056/MMBtu, a day-over-day increase of 12.3 cents (4.2%). This comes after a long series of declines which saw the prompt month hit a three-month low on Wednesday. With the exception of April 2019 - March 2020, the rest of the curve out through April 2025 also saw gains, although to a much lesser degree.

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



Next Day On-Peak Power (traded for 6/16/2017)

ISO-NE Mass Hub \$22.28	MISO Indiana Hub \$40.16	NYISO Zone G \$28.93
PJM West Hub \$29.26	ERCOT North \$33.69	CAISO SP15 \$35.85
NYMEX NG	Close	Change
Jul-17	3.056	0.123
Aug-17	3.078	0.125
12 Month	3.114	0.094
Cal 18	3.032	0.047
Cal 19	2.874	0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,709	2,631	3,031	2,481
Diff v. Current		78	-322	228
% Diff			-10.6%	9.2%

