

Early Morning Update:

The Jul17 natural gas contract is trading down \$0.01 at \$2.88.
The Jul17 crude contract is down \$1.10 at \$43.10.

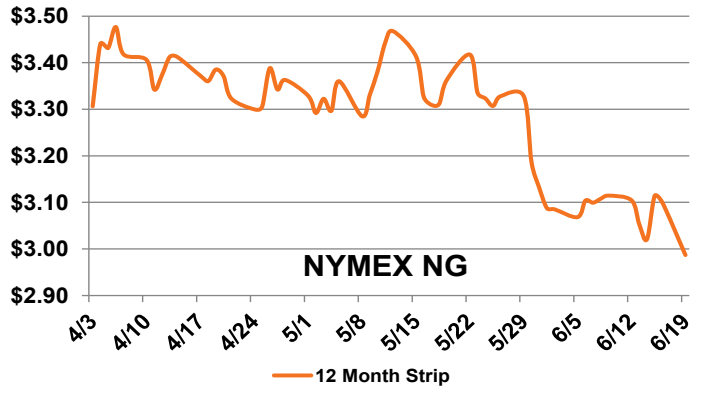
Summary: As cooler near-term weather updates were released on Monday morning, the July prompt month was sent careening downward 14 cents to settle at \$2.894/MMBtu for the day. The next two weeks show average and below-average temperatures for the majority of the East and Midwest, tinging upcoming power burn demand levels with a bearish sentiment. There are also multiple potential tropical storm systems forming in both the tropics and the Gulf of Mexico, providing additional downward pull on demand. Managed money has also played a part in the recent fickleness in the market. After building record high net bullish positions earlier this spring, investors have been selling them off for the past four straight weeks, creating a trading environment that can rapidly shift in any direction.

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 6/20/2017)

ISO-NE Mass Hub \$34.49	MISO Indiana Hub \$32.50	NYISO Zone G \$34.90
PJM West Hub \$32.39	ERCOT North \$35.33	CAISO SP15 \$57.78
NYMEX NG	Close	Change
Jul-17	2.894	-0.143
Aug-17	2.917	-0.143
12 Month	2.987	-0.113
Cal 18	2.942	-0.076
Cal 19	2.842	-0.021

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%

