

Early Morning Update:

The Jul17 natural gas contract is trading up \$0.01 at \$2.90. The Aug17 crude contract is up \$0.22 at \$42.75.

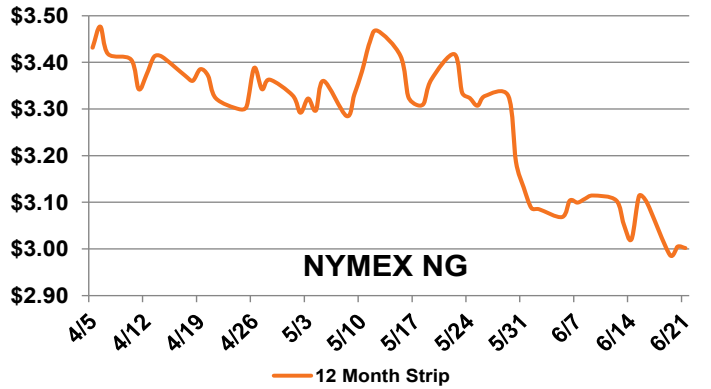
Summary: Natural gas prices moved down another 1.4 cents yesterday, dropping to their lowest in three months. The prompt month settled at \$2.893/MMBtu on Wednesday, as the market anticipates today's storage report. Prices plunged on Monday on the heels of cooler weather forecasts, but edged up some on Tuesday. The U.S. Energy Information Administration is scheduled to release their weekly storage data this morning at 10:30, and analysts are expecting an injection smaller than normal. Taking into consideration the hot weather during the reporting week, estimates center around a 57 Bcf storage build for the week to June 16, which is just under last year's 63 Bcf injection, and much smaller than the 82 Bcf five-year average. While the West remains hot, the rest of the country has cooled, with most of the U.S. returning to close-to-normal temperatures in the 8-14 day outlook. Natural gas production is being closely watched, as well, as the number of working rigs is double what it was last year.

Bullish Factors

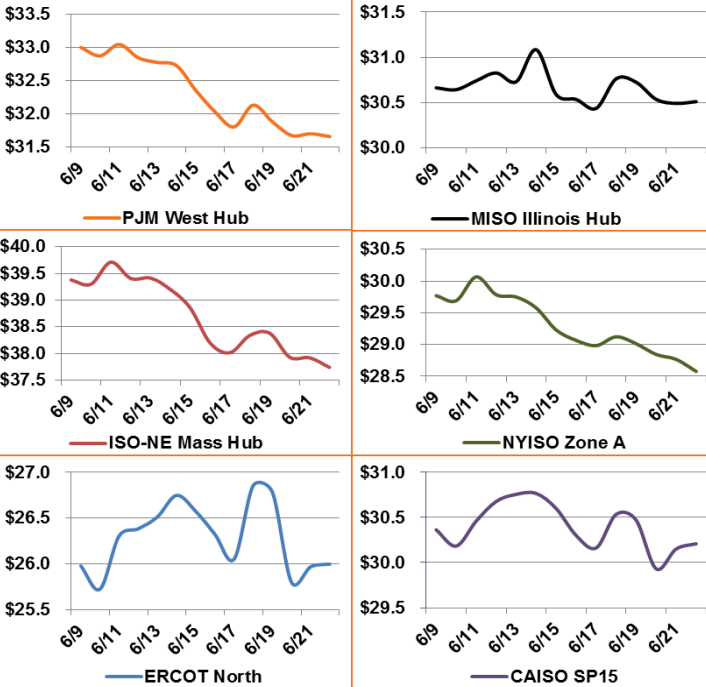
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- Producer hedging



12 Month Strips, ATC Power Prices

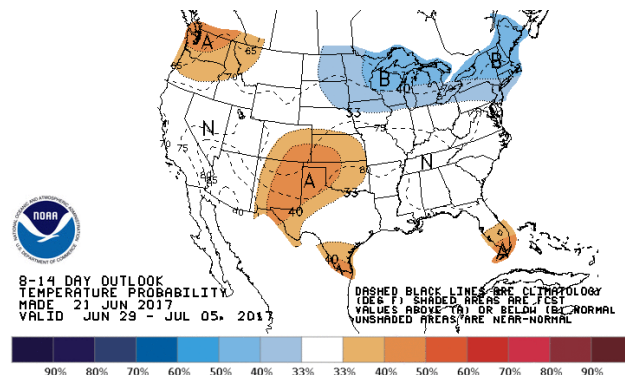
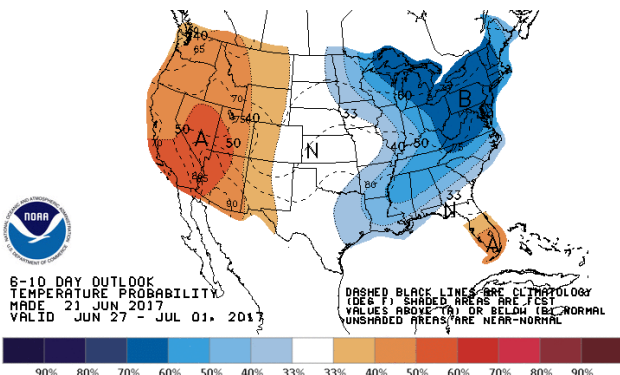


Next Day On-Peak Power (traded for 6/22/2017)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$28.79 | MISO Indiana Hub \$36.65 | NYISO Zone G \$35.83 |
| PJM West Hub \$35.78 | ERCOT North \$31.66 | CAISO SP15 \$75.89 |
| NYMEX NG | Close | Change |
| Jul-17 | 2.893 | -0.014 |
| Aug-17 | 2.915 | -0.015 |
| 12 Month | 3.002 | -0.003 |
| Cal 18 | 2.966 | 0.008 |
| Cal 19 | 2.870 | 0.015 |

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% |



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