

Early Morning Update:

The Jul18 natural gas contract is trading flat to yesterday's close at \$2.92. The Aug18 crude contract is up \$0.12 at \$68.20.

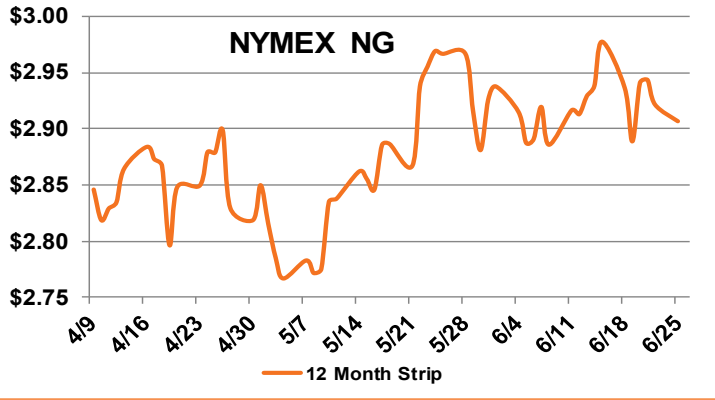
Summary: The near-term natural gas market softened on Monday, in response to new all-time production highs and the expectation of continued high-volume supply. The July prompt month lost 2.2 cents to \$2.923, the 12-month strip dropped 1.5 cents to \$2.906, and 2019 and 2020 moved down less than a penny each to \$2.802 and \$2.675, respectively. National weather looks to be mostly moderate today, but the promise of rising temperatures is lingering on the horizon for almost the whole country, with the exception of near-normal Texas. Temperatures in the Midwest and East look to stay at least 5 degrees above normal through the 20-day forecast, while the West looks to be slightly more average at three degrees above the 30-year normal through the next two weeks. Production continues to show its capabilities, as the next two weeks are estimated to stay above 79 Bcf/d. Boosts from not only the Northeast, but also the Rockies have helped to propel production levels to new heights, and have kept gas from trading too much above \$3 recently, despite higher year-over-year demand.

Bullish Factors

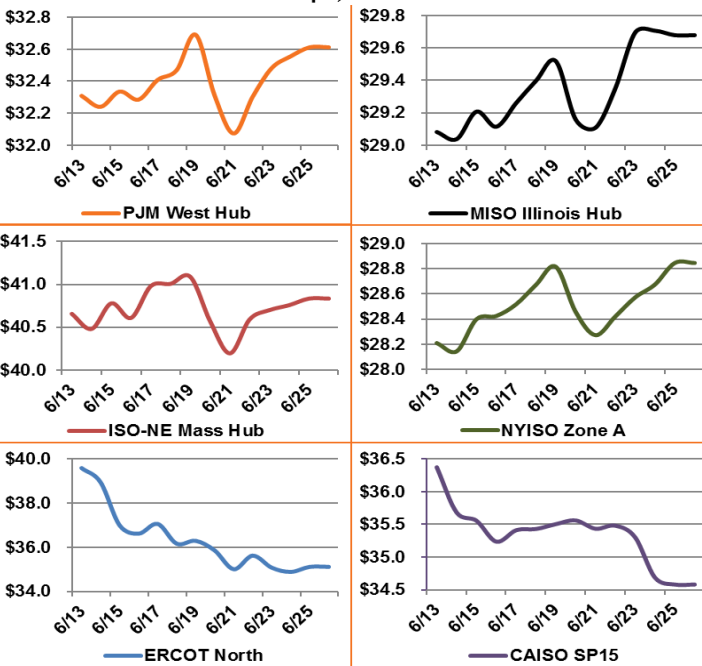
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 6/26/2018)

ISO-NE Mass Hub \$28.42	MISO Indiana Hub \$39.86	NYISO Zone G \$30.77
PJM West Hub \$30.84	ERCOT North \$34.75	CAISO SP15 \$33.31
NYMEX NG	Close	Change
Jul-18	2.923	-0.022
Aug-18	2.921	-0.024
12 Month	2.907	-0.015
Cal 19	2.802	-0.006
Cal 20	2.675	-0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,004	1,913	2,761	2,503
Diff v. Current		91	-757	-499
% Diff			-27.4%	-19.9%

