

Early Morning Update:

The Jul17 natural gas contract is trading up \$0.01 at \$3.04. The Aug17 crude contract is up \$0.57 at \$43.95.

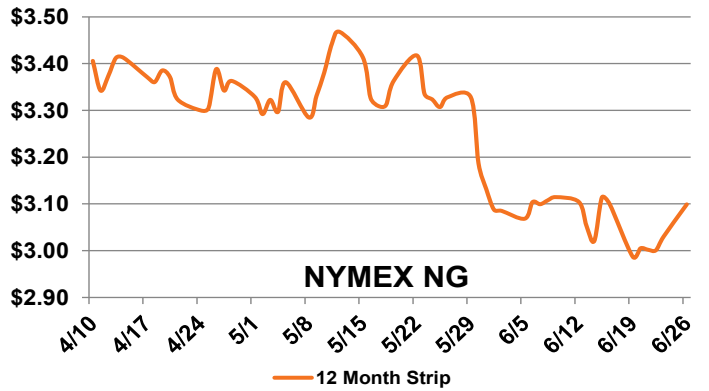
Summary: Continuing its weather-dependent whims, the July gas month jumped nearly 10 cents on Monday after forecasts for the next two weeks took a warm uptick. The prompt natural gas contract settled at \$3.027/MMBtu, over \$3.00 for the first time in a week, as short-term weather outlooks shifted to fall more in line with the warmer-than-average overall temperature expectations for summer. Gas demand is expected to grow by more than five Bcf/d by next week, with averages looking to be in the 67 Bcf/d range. The warmer weather should spark an increase in power burns, which have been struggling due to higher prices and abnormally cool late June weather. For the last week in June, power burn is expected to be 28.4 Bcf/d, their lowest point since 2014. This statistic is noteworthy largely because of the 17,000 MW of gas-fired generation that has been added in that same three-year term.

Bullish Factors

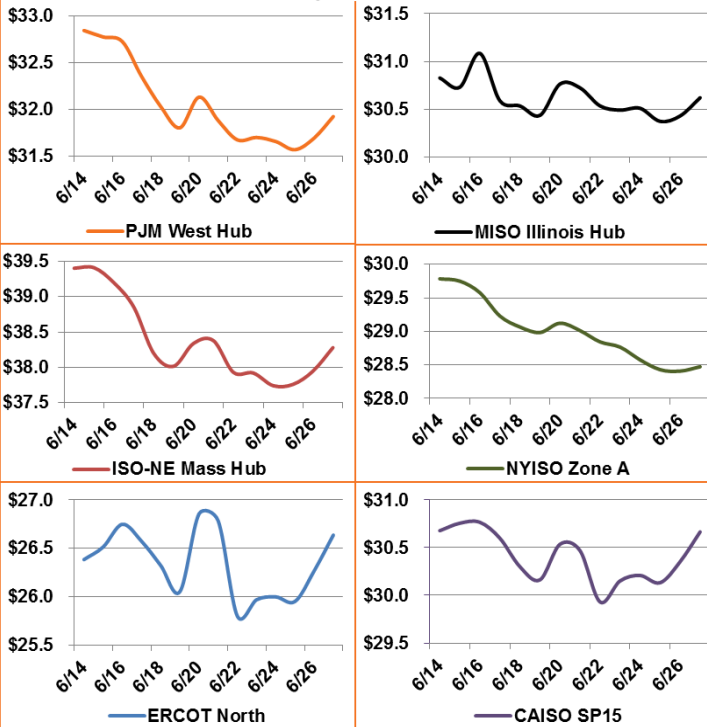
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices

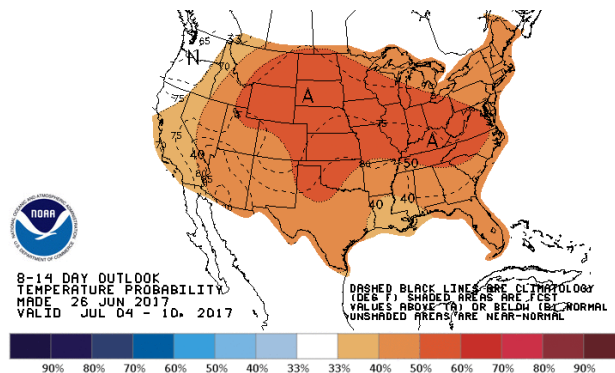
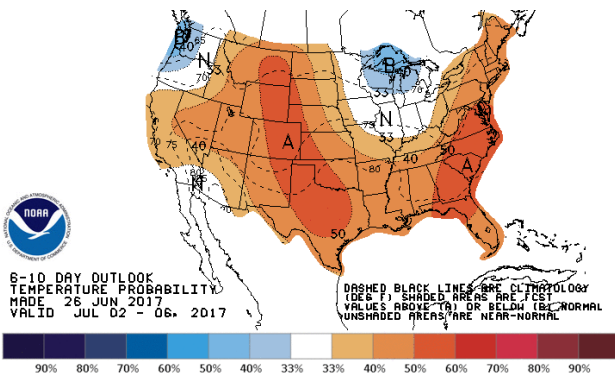


Next Day On-Peak Power (traded for 6/27/2017)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$22.68 | MISO Indiana Hub \$28.00 | NYISO Zone G \$25.09 |
| PJM West Hub \$24.77 | ERCOT North \$28.63 | CAISO SP15 \$32.01 |
| NYMEX NG | Close | Change |
| Jul-17 | 3.027 | 0.098 |
| Aug-17 | 3.049 | 0.098 |
| 12 Month | 3.099 | 0.069 |
| Cal 18 | 3.011 | 0.029 |
| Cal 19 | 2.872 | -0.005 |

EIA Natural Gas Storage

| | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
| Total | 2,770 | 2,709 | 3,094 | 2,563 |
| Diff v. Current | | 61 | -324 | 207 |
| % Diff | | | -10.5% | 8.1% |



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