

Early Morning Update:

The Aug18 natural gas contract is trading down \$0.02 at \$2.92. The Aug18 crude contract is up \$0.81 at \$74.26.

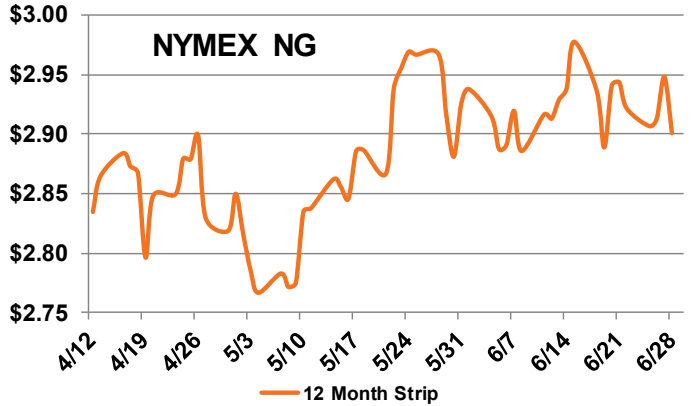
Summary: The NYMEX prompt ticked a little lower yesterday despite a somewhat disappointing storage report. The EIA reported a build of just 66 Bcf into storage, which might have otherwise sent the market higher (expectations were in the low 70's) but there was a revision to the prior week, which added another 4 bcf. So the next injection was 70 Bcf and the market decided that was good enough. The prompt month has been flirting with the \$3.00 level but unable to sustain trading above it. The very hot forecasted temperatures are the driving force behind the higher prices, but they have not been enough to push pricing above the key resistance level. On the supply side, we have broken another record with dry gas production at 80.1 Bcf/d yesterday. With high temperatures forecasted for the next two weeks, it appears as though power burns will remain elevated and storage injections may be lower.

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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Next Day On-Peak Power (traded for 6/29/2018)

ISO-NE Mass Hub \$45.89	MISO Indiana Hub \$56.98	NYISO Zone G \$35.01
PJM West Hub \$50.64	ERCOT North \$31.13	CAISO SP15 \$34.95
NYMEX NG	Close	Change
Aug-18	2.940	-0.041
Sep-18	2.919	-0.032
12 Month	2.901	-0.024
Cal 19	2.813	-0.016
Cal 20	2.682	-0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,074	2,008	2,809	2,575
Diff v. Current		66	-735	-501
% Diff			-26.2%	-19.5%

