

Early Morning Update:

The Aug17 natural gas contract is trading down \$0.01 at \$3.03. The Aug17 crude contract is up \$0.34 at \$45.27.

Summary: The EIA reported a disappointing build into storage of 46 Bcf, below expectations by roughly 10%. The market initially rallied but the rally faded and the prompt ended up closing down \$.052 to finish the day at \$3.042. With a brief exception when the prompt traded down to \$2.91, the market has been in the \$3.00 range since the beginning of June.

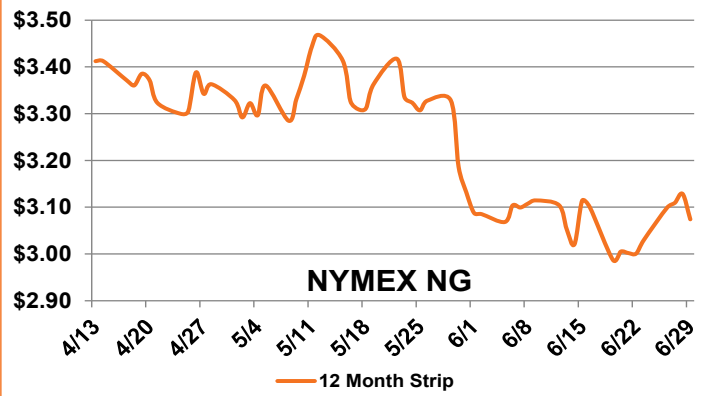
Weather forecasts are showing above average temperatures on the horizon so demand will likely increase. Whether the injections exceed market expectations will determine if the market is fairly valued or if it will trend higher due to potential lower end-of-season balances. The market is calling for end-of-season storage levels to be roughly 3.8 Tcf but increased power burns from hotter weather could cause that number to fall, potentially setting up the winter to rally.

Bullish Factors

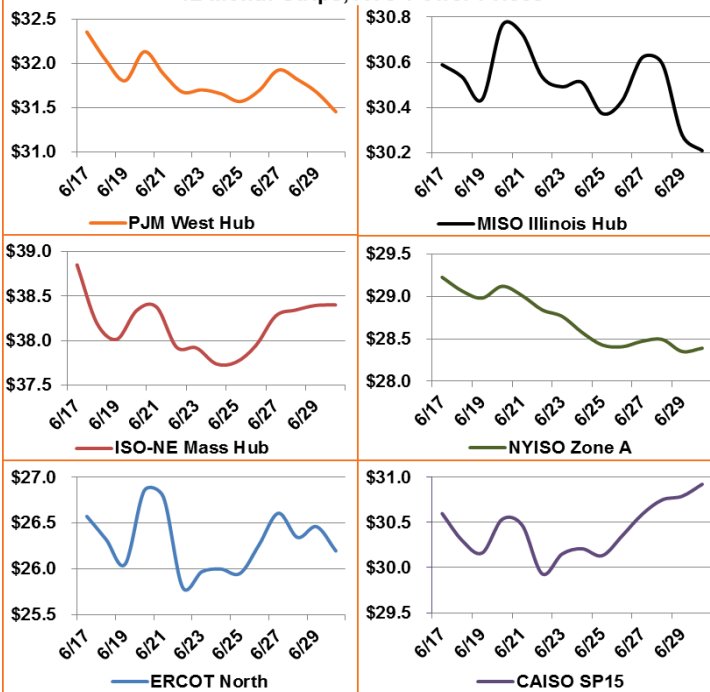
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 6/30/2017)

ISO-NE Mass Hub \$42.51	MISO Indiana Hub \$30.92	NYISO Zone G \$34.70
PJM West Hub \$35.50	ERCOT North \$32.00	CAISO SP15 \$27.36
NYMEX NG	Close	Change
Aug-17	3.042	-0.052
Sep-17	3.037	-0.050
12 Month	3.074	-0.039
Cal 18	2.991	-0.025
Cal 19	2.849	0.000

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,816	2,770	3,133	2,636
Diff v. Current		46	-319	181
% Diff			-10.2%	6.9%

