

Early Morning Update:

The Jul18 natural gas contract is down \$.01 at \$2.95. The Jul18 crude contract is down \$0.33 at \$65.38.

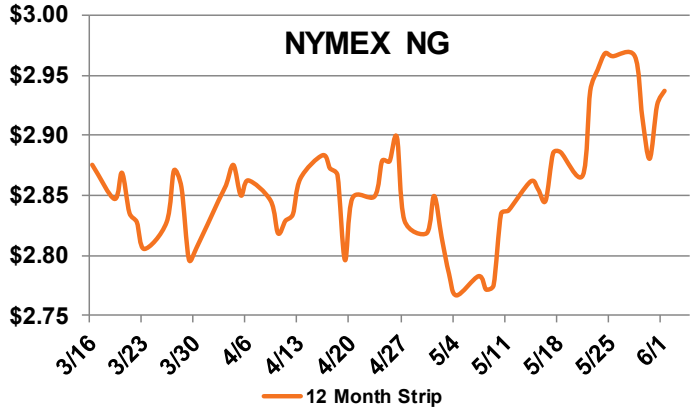
Summary: On Friday, the July 2018 NYMEX natural gas futures price for the month rose by 2.1 cents on the day to settle at \$2.962/MMBtu. Bullish fundamentals such as the warmer-than-normal start to summer, and bolstered demand for natural gas due to power burn and cooling demand, have hindered injections into storage to close the large deficit to historical storage benchmarks. The warmer weather is predicted to continue to dominate weather forecasts over the next couple of weeks for the majority of the country with some relief for the northeast in the 1-5 day forecast. Expectations for the next two EIA storage reports reflect the elevated demand for natural gas and are both shy of historical injection levels at 92 Bcf for the week ending June 1st, and 84 Bcf for the week ending June 8th. On Saturday, after seeing production dwindle throughout the week due to pipeline maintenance, U.S. production surged back up to the historical highs we had been seeing earlier this year hitting a new all-time high of 78.9 Bcf.

Bullish Factors

- High power burns
- LNG exports ramping up
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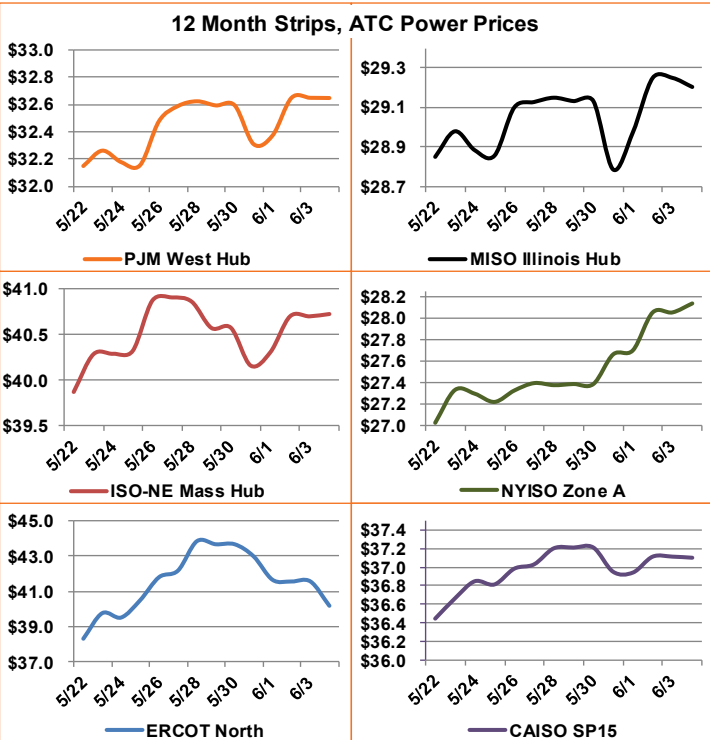
Bearish Factors

- Strong NG production
- Growing renewable energy generation
- Moderating weather



Next Day On-Peak Power (traded for 6/4/2018)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$29.70 | MISO Indiana Hub \$35.09 | NYISO Zone G \$27.38 |
| PJM West Hub \$30.05 | ERCOT North \$43.00 | CAISO SP15 \$39.34 |
| NYMEX NG | Close | Change |
| Jul-18 | 2.962 | 0.010 |
| Aug-18 | 2.976 | 0.011 |
| 12 Month | 2.938 | 0.012 |
| Cal 19 | 2.809 | 0.013 |
| Cal 20 | 2.708 | 0.010 |



EIA Natural Gas Storage

| | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
| Total | 1,725 | 1,629 | 2,514 | 2,225 |
| Diff v. Current | | 96 | -789 | -500 |
| % Diff | | | -31.4% | -22.5% |

