

Early Morning Update:

The Aug18 natural gas contract is trading down \$0.01 at \$2.82. The Aug18 crude contract is up \$0.77 at \$71.15.

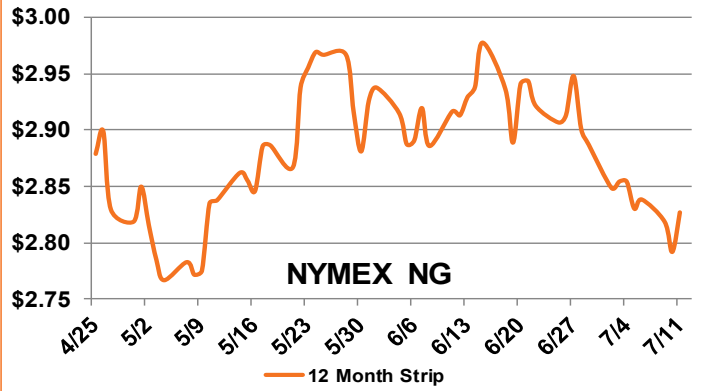
Summary: Following recent weakness, the prompt month rallied in trading on Wednesday to close up four cents at \$2.829/MMBtu. The 12-month strip touched \$3 briefly in mid-June, but with production growing once again and weather moderating for most of the country, the 12-month strip has come off nearly 20 cents, and is currently trading at \$2.82. Weather looks to be mixed over the next several weeks, with heat contained along the East and West Coasts, and most of the central portion of the country expected to see below-normal conditions. The lack of extreme heat should reduce demand from the power sector and allow some additional gas to be injected into storage. The market is expecting a 53 Bcf injection for the week to July 6 when the U.S. Energy Information Administration releases their weekly storage report later this morning. This would fall below both last year's build of 59 Bcf, as well as the 5-year average build of 77 Bcf, and do little to reduce the deficits to both of those benchmarks.

Bullish Factors

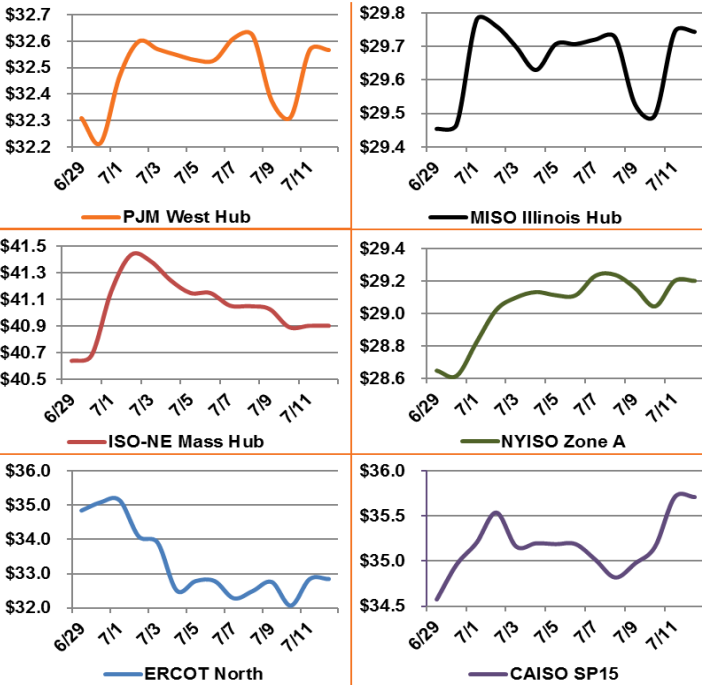
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

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 7/12/2018)

ISO-NE Mass Hub \$33.02	MISO Indiana Hub \$42.19	NYISO Zone G \$34.03
PJM West Hub \$34.96	ERCOT North \$35.00	CAISO SP15 \$57.10
NYMEX NG	Close	Change
Aug-18	2.829	0.041
Sep-18	2.797	0.039
12 Month	2.827	0.035
Cal 19	2.782	0.030
Cal 20	2.686	0.021

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,152	2,074	2,869	2,645
Diff v. Current		78	-717	-493
% Diff			-25.0%	-18.6%

