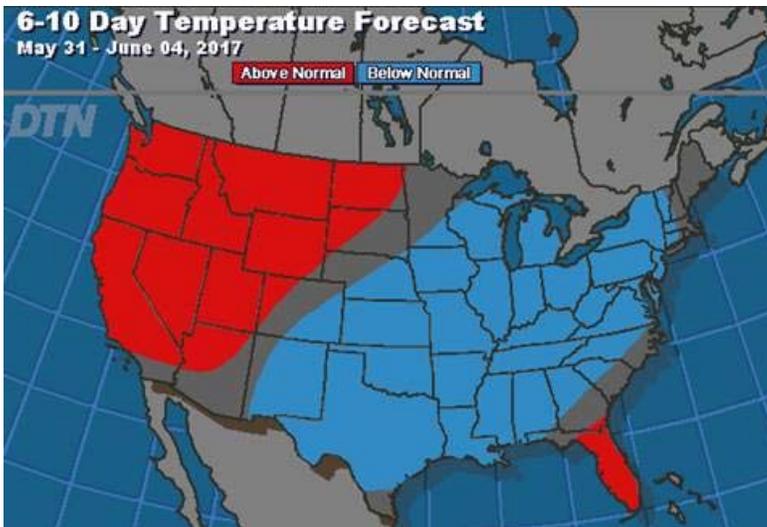


Blake Baxter

Subject: FW: MEP Weekly Gas Update 5-25-2017
Attachments: MEP Gas Storage Chart 2017 5 25.pdf; NG Weekly Price Change 2017-05-25.pdf

Natural gas is currently trading at \$3.184 per Dth

One of the groups presenting at the Argus Gas meeting in Houston was the Commodity Weather Group. Part of their presentation dealt with the question of whether May weather was predictive of the following summer weather. In other words, does a cool May mean a cool summer. Their answer was a definitive – no. May weather cannot be used as a predictor of the weather for the following summer. Nevertheless, the first few days of the month do indeed look a lot like the weather we have had in May. Who knows, maybe we can make it through the Stanley Cup playoffs before it gets really hot. But, if you believe the NOAA forecast, then the south and the northeast are going to have to start heating up soon. Hopefully the building in Nashville has good air conditioning equipment. Go Pens!

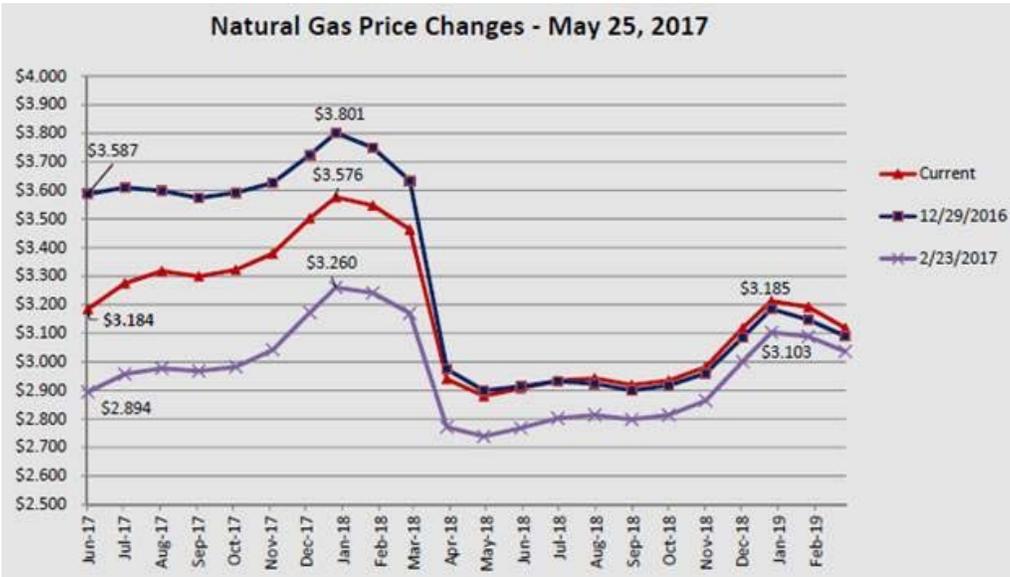


With the weather remaining rather mild across much of the country thus producing little heating load in the north and little cooling load in the south, this was another week of marking time. The EIA also reported a mundane +75 BCF into US gas storage for the week. Oh yes, this was slightly above expectations, but it only represented a small gain against the year of year awhile dropping against the 5 year averages. As of this week we are still -371 BCF behind last year's inventory. Thus gas finished the day at \$3.184 /Dth, down 2.5 cents for the day and up 0.2 cents for the week. It now looks like the June contract is going to roll off the board just as range bound as the last two months. When we come back from the long Memorial day weekend the July gas contract will occupy the front month position.



One other item to note is that the forecasters are now calling for an above-average hurricane season. There was a time, before shale gas, that such a forecast would make gas traders very nervous. However, if a big storm comes into the Gulf now, it will likely be a bigger threat to gas demand than to gas supply. So even this news does not garner much of a reaction from the market.

As with the front month we saw little change in the gas strips this week. The 2017 summer strip fell 0.4 cents this week to \$3.245 /Dth while the 2017/18 winter strip dropped 0.7 cents to \$3.493 /Dth. The 2018 calendar strip posted a gain of 0.3 cents to \$3.092 /Dth while the 2019 Calendar strip dropped -1.4 cents to \$2.858 /Dth.



Here is hoping that you have a nice Memorial Day weekend. And while you are relaxing this weekend, please take a moment to say a prayer for our fallen soldiers, sailors, airman and marines. Personally I always like to watch a couple of the old movies such as 12 O'clock High or the Longest Day to mark the weekend and remind me of the sacrifices that were made by so many.

Blake

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