

**Early Morning Update:**

The Mar17 natural gas contract is trading up \$0.03 at \$2.65. The Apr17 crude contract is down \$.55 at \$53.90.

**Summary:** The EIA reported a draw from storage yesterday of 89 Bcf. This seemed to be in-line with many of the estimates, but the overall range of estimates yesterday was very wide. With the forecasted warm weather, early indications for next weeks reports are calling for a draw in the single digits.

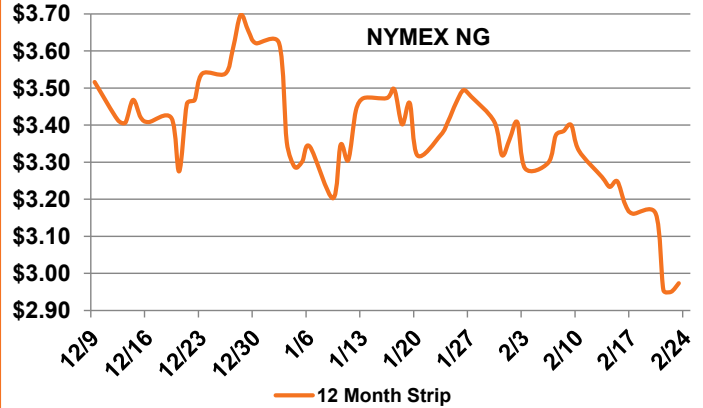
With the report yesterday, the prompt NG contract finished higher by \$.025 to close the day at \$2.617. The longer terms for the second straight day saw almost no movement. With the large price decrease on Tuesday, the backwardation in the market shrunk and now there's very little price difference between Cal '18-'25. This creates an unusual opportunity to buy wholesale gas and power at nearly the same price for a very long-term agreement. As an fyi - the low in prices for 2016 was also in late-Feb. Is it déjà vu all over again?

**Bullish Factors**

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

**Bearish Factors**

- Record warm weather
- Producer hedging
- Less coal-to-gas switching



**Next Day On-Peak Power (traded for 2/24/2017)**

<b>ISO-NE Mass Hub</b> \$22.29	<b>MISO Indiana Hub</b> \$28.99	<b>NYISO Zone G</b> \$23.50
<b>PJM West Hub</b> \$25.86	<b>ERCOT North</b> \$22.36	<b>CAISO SP15</b> \$22.58
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Mar-17	2.617	0.025
Apr-17	2.749	0.048
12 Month	2.973	0.023
Bal 17	2.918	0.028
Cal 18	2.920	0.004

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	2,445	2,356	2,618	2,200
<b>Diff v. Current</b>		89	-173	245
<b>% Diff</b>			-6.6%	11.1%

