

**Early Morning Update:**

The Apr17 natural gas contract is trading up \$0.02 at \$2.71. The Apr17 crude contract is down \$0.45 at \$53.60.

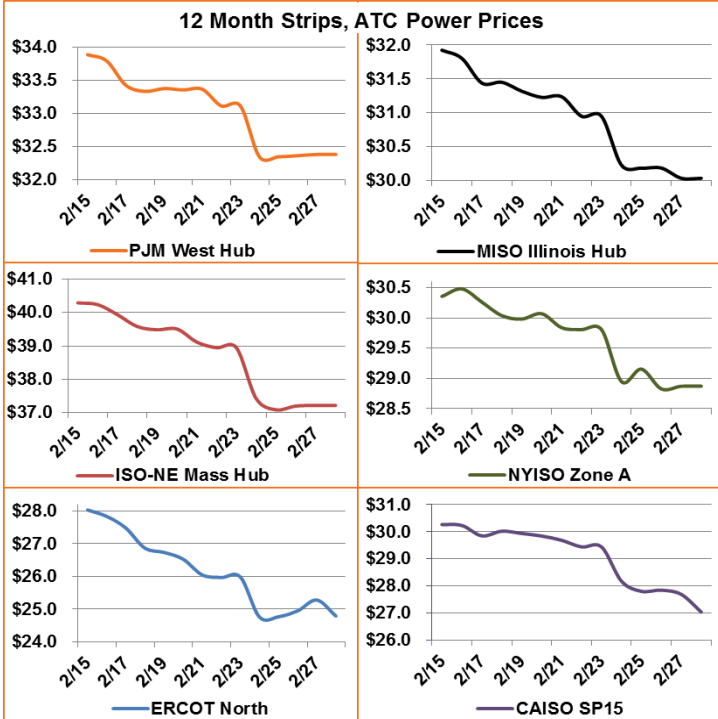
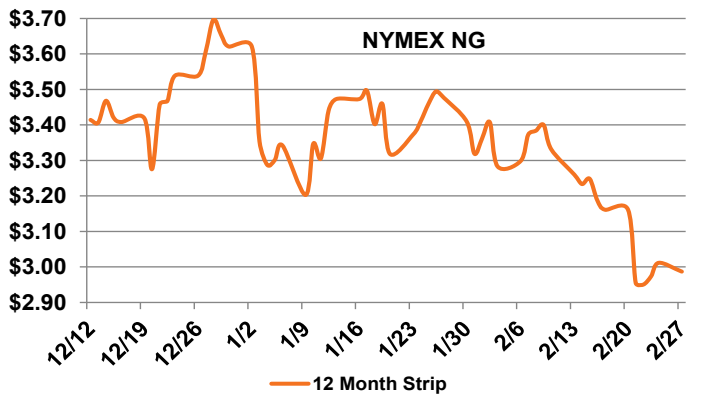
**Summary:** On its first day of trading as the prompt month, the April 2017 natural gas contract fell over nine cents to \$2.693/MMBtu. Future calendar strips also declined, all hitting levels between \$2.80 and \$2.90. More warm temperature forecasts have replaced their slightly colder predecessors from late last week. The first look at substantial, price-supportive weather is during the week of March 17th, but the first half of March, until then, may still not be as unusually warm as its February counterpart. Natural gas storage levels are being withdrawn at a rate 17% slower than the five-year average this season, which could lead to a higher-than-expected end-of-season storage level. Some analysts are even predicting a small injection into storage this week, a product of slightly higher production and minimal winter weather demand. Even with muted demand over the next few weeks as the transition to spring begins, resistance at the \$2.50 price level is expected as the withdrawal season continues to dwindle natural gas stores.

**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

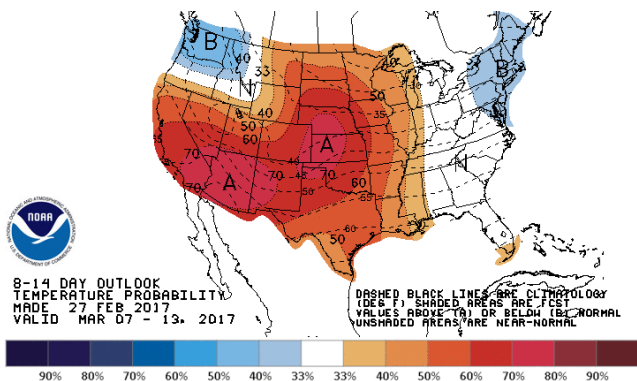
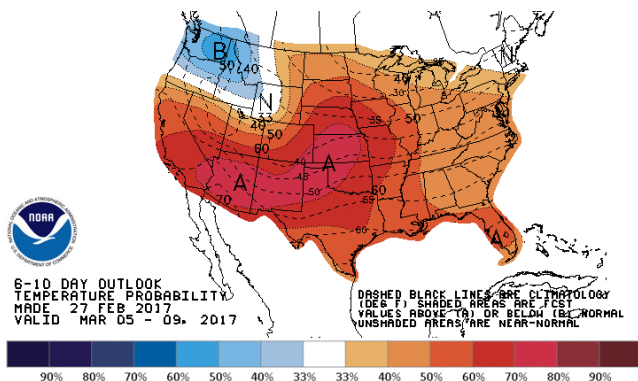


**Next Day On-Peak Power (traded for 2/28/2017)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$22.18 | <b>MISO Indiana Hub</b><br>\$28.07 | <b>NYISO Zone G</b><br>\$25.04 |
| <b>PJM West Hub</b><br>\$26.86    | <b>ERCOT North</b><br>\$16.80      | <b>CAISO SP15</b><br>\$22.09   |
| <b>NYMEX NG</b>                   | <b>Close</b>                       | <b>Change</b>                  |
| Apr-17                            | 2.693                              | -0.094                         |
| May-17                            | 2.779                              | -0.089                         |
| 12 Month                          | 2.987                              | -0.072                         |
| Bal 17                            | 2.917                              | -0.077                         |
| Cal 18                            | 2.898                              | -0.033                         |

**EIA Natural Gas Storage**

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| <b>Total</b>               | 2,356     | 2,445     | 2,617     | 2,200       |
| <b>Diff v. Current</b>     |           | -89       | -261      | 156         |
| <b>% Diff</b>              |           |           | -10.0%    | 7.1%        |



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