

Early Morning Update:

The Apr17 natural gas contract is trading up \$0.03 at \$2.80. The Apr17 crude contract is up \$0.29 at \$54.30.

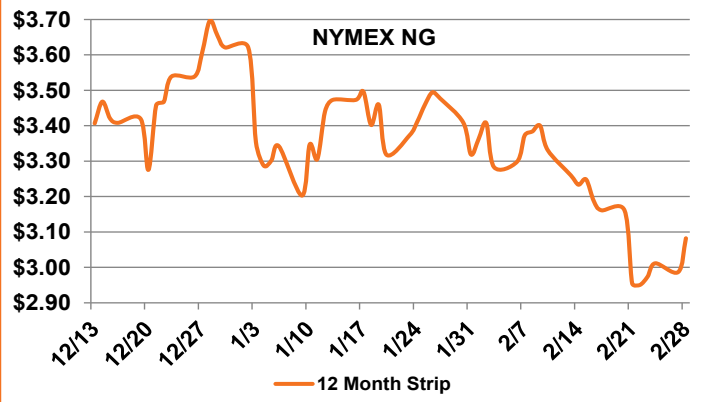
Summary: After trading as low as \$2.653/MMBtu earlier in the day, the Apr17 NYMEX natural gas contract rallied to close at \$2.774/MMBtu yesterday, up 8.1 cents on the day. The National Weather Service revised their 6-10 and 8-14 day outlooks yesterday, predicting an even more bearish outlook for the next two weeks. Previous versions of the 8-14 day outlook had predicted colder-than-average temperatures in the Northeast. However, yesterday's revisions removed the chance of cold from the Northeast, and now predict warmer-than-average temperatures blanketing the country with a chance of colder temperatures confined to the Northwest. With fundamentals mostly unchanged, technical trading and bargain hunting likely induced yesterday's rally after Monday's losses.

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 3/1/2017)

ISO-NE Mass Hub \$21.10	MISO Indiana Hub \$27.00	NYISO Zone G \$21.61
PJM West Hub \$25.80	ERCOT North \$20.00	CAISO SP15 \$23.55
NYMEX NG	Close	Change
Apr-17	2.774	0.081
May-17	2.870	0.091
12 Month	3.082	0.095
Bal 17	3.014	0.098
Cal 18	2.931	0.033

EIA Natural Gas Storage

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

