

Early Morning Update:

The Apr17 natural gas contract is trading flat to yesterday's close at \$2.80. The Apr17 crude contract is down \$0.83 at \$53.00.

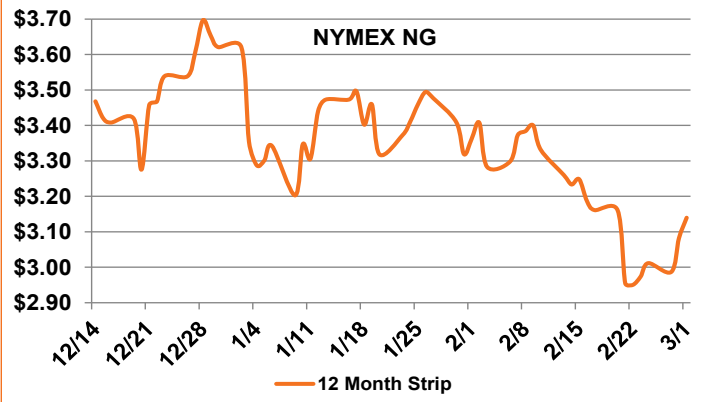
Summary: Despite a lack of fundamental support, natural gas prices climbed higher yesterday, though not nearly as much as the eight cents seen in the previous session. The Apr17 natural gas contract settled at \$2.799/MMBtu on Wednesday, up 2.5 cents day-over-day. As we transition from winter to spring, the normal fading of demand for natural gas is compounded by weather outlooks calling for much-above-normal temperatures blanketing the majority of the U.S. While production has been holding steady around 71 Bcf/d, analysts believing the market to be oversold due to the recent downturn, and gains over the last two days are mostly attributed to technical trading. Estimates for the storage withdrawal for the week to Feb. 24 range from a 12 Bcf pull to a six Bcf build, with consensus in the vicinity of a three Bcf withdrawal. Using projections for the next three weeks and following the five-year average after that, we can expect to see an end-of-season level on March 31 just under 2.2 Tcf. The U.S. Energy Information Administration is scheduled to release their weekly storage data at 10:30 this morning.

Bullish Factors

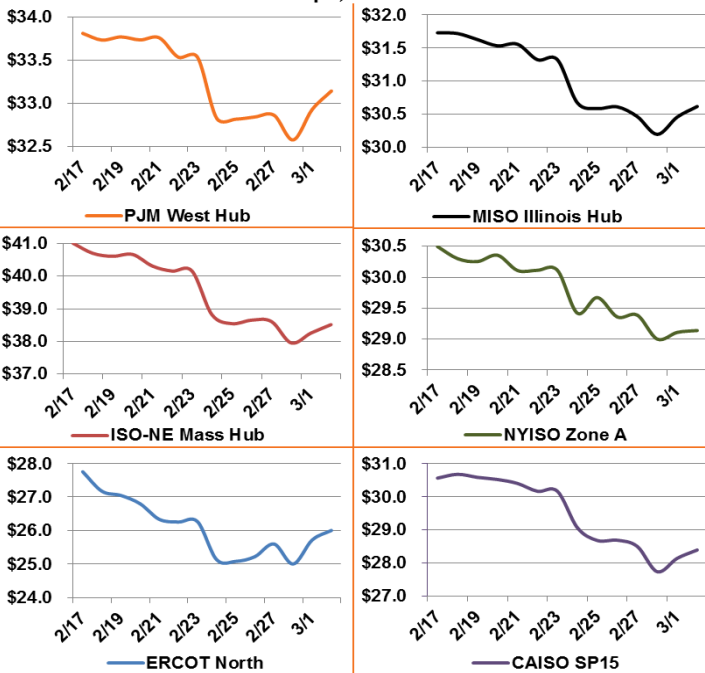
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 3/2/2017)

ISO-NE Mass Hub \$26.19	MISO Indiana Hub \$27.00	NYISO Zone G \$22.81
PJM West Hub \$28.81	ERCOT North \$21.00	CAISO SP15 \$22.95
NYMEX NG		
	Close	Change
Apr-17	2.799	0.025
May-17	2.909	0.039
12 Month	3.140	0.057
Bal 17	3.066	0.051
Cal 18	2.991	0.060

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%

