

**Early Morning Update:**

The Apr17 natural gas contract is trading up \$0.10 to \$2.93. The Apr17 crude contract is down \$0.18 at \$53.15.

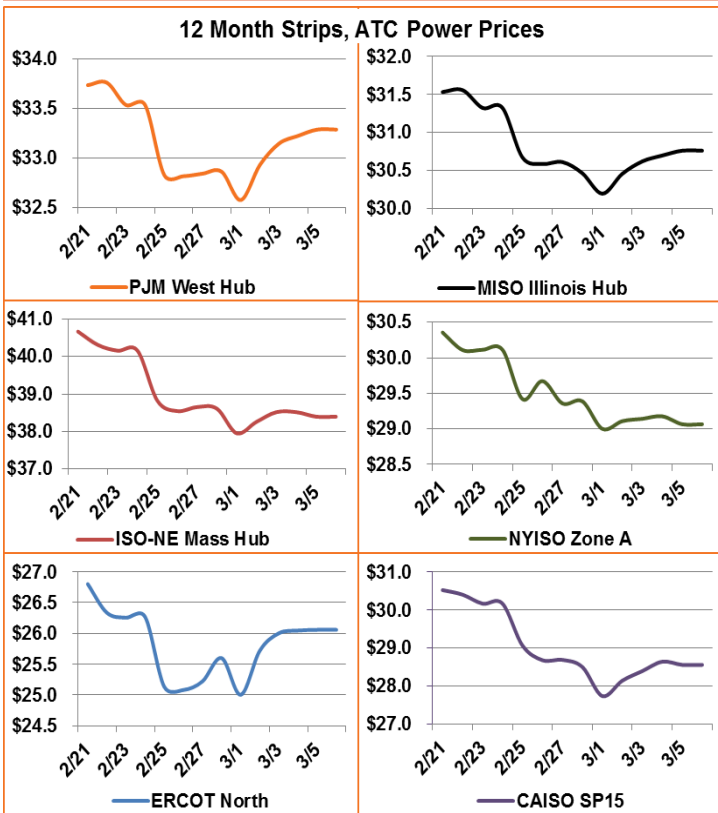
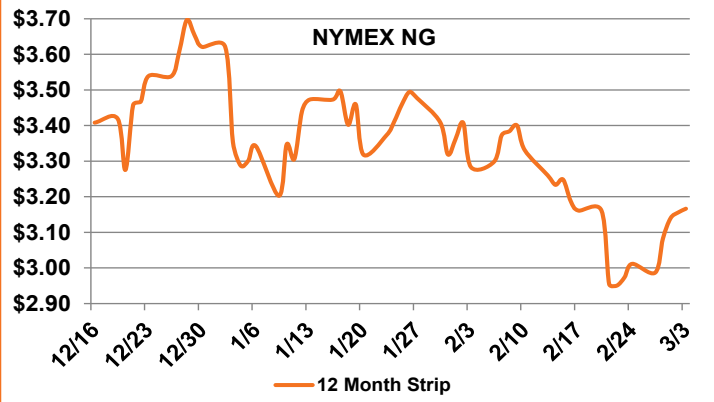
**Summary:** Mild winter temperatures revealed their bearish fragility as the April delivery contract continues to rally, again being pushed around by a cooler short-term forecast in the Northeast and Midwest. This rebound seems counterintuitive when compared to recent national demand levels that caused prices to reach a seven-month low on Feb. 27. Fear of extreme weather under staggering production remains after a weekend without growth, all despite an unexpected storage build last week. Seasonal and calendar gas strips are flat on the day, up only slightly since the beginning of the month. On the power side, CAISO, ERCOT, and PJM West calendar strips 2019 – 2021 are within 1% of all-time lows. MISO, NEPOOL, and NYISO are comparatively still trending further away from the low NYMEX environment.

**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 3/6/2017)**

<b>ISO-NE Mass Hub</b> \$31.00	<b>MISO Indiana Hub</b> \$25.20 3/4/17	<b>NYISO Zone G</b> \$33.38 3/4/17
<b>PJM West Hub</b> \$30.99	<b>ERCOT North</b> \$18.31 3/4/17	<b>CAISO SP15</b> \$18.68
<b>NYMEX NG</b>		<b>Close</b>
<b>Apr-17</b>		2.827
<b>May-17</b>		2.939
<b>12 Month</b>		3.166
<b>Bal 17</b>		3.094
<b>Cal 18</b>		3.013
		<b>Change</b>
<b>Apr-17</b>		0.023
<b>May-17</b>		0.025
<b>12 Month</b>		0.010
<b>Bal 17</b>		0.013
<b>Cal 18</b>		0.003

**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>	2,363	2,356	2,550	2,068
<b>Diff v. Current</b>		7	-187	295
<b>% Diff</b>			-7.3%	14.3%

