

Early Morning Update:

The Apr18 natural gas contract is trading flat to yesterday's close at \$2.73. The Apr18 crude contract is up \$0.39 at \$61.35.

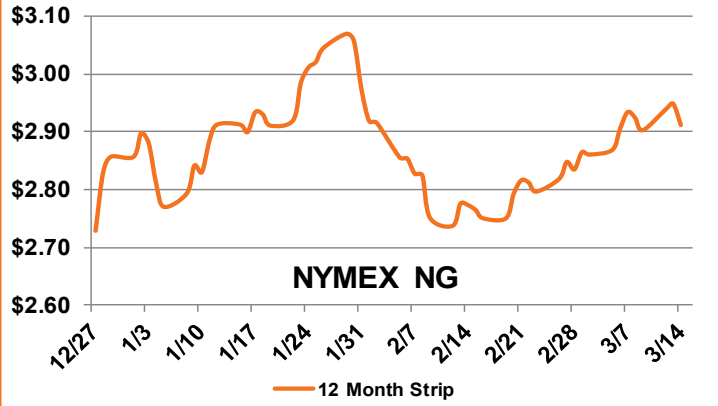
Summary: Significant drops in demand for natural gas over the past two days helped reverse the bullish trend the prompt month has seen so far this month. Yesterday, the April natural gas futures contract dropped 5.5 cents to settle at \$2.731/MMBtu. With colder-than-normal temperatures across most of the country in the forecast for at least the next two weeks, and an above-average rate of storage erosion projected, near-term prices should find plenty of support. Projections for the weekly storage withdrawal to be reported this morning by the U.S. Energy Information Administration range from 86 to 105 Bcf, with a consensus at 98 Bcf. A draw at consensus would be far higher than last week's 57 Bcf pull, as well as the 55 Bcf withdrawal seen last year for the same week, but would be in line with the 97 Bcf five-year average. Data from the National Oceanic and Atmospheric Administration show there were 16.1% more heating degree days in the week to March 10 than last year, but 2.5% less than normal. Next week's withdrawal is also estimated to be higher than average at 73 Bcf, which compares bullishly to the 53 Bcf norm for this time of year.

Bullish Factors

- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation
- Warm weather



Next Day On-Peak Power (traded for 3/15/2018)

ISO-NE Mass Hub	MISO Indiana Hub	NYISO Zone G
\$45.88	\$31.00	\$29.26
PJM West Hub	ERCOT North	CAISO SP15
\$36.87	\$22.00	\$31.90
NYMEX NG	Close	Change
Apr-18	2.731	-0.055
May-18	2.759	-0.050
12 Month	2.912	-0.037
Cal 19	2.831	-0.001
Cal 20	2.761	0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,625	1,682	2,305	1,925
Diff v. Current		-57	-680	-300
% Diff			-29.5%	-15.6%

