

Early Morning Update:

The Apr17 natural gas contract is trading down \$0.06 to \$2.91.
The Apr17 crude contract is up \$0.33 at \$49.19.

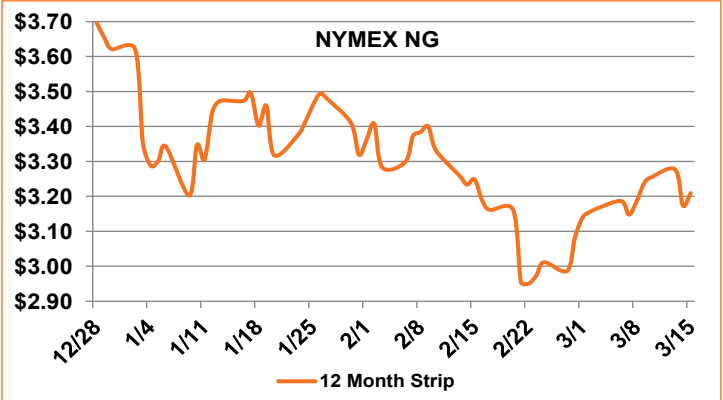
Summary: Has winter finally arrived after one of the warmest Jan-Feb periods on record? It certainly feels like it. Most would not characterize the winter thus far as blustery, but, this week, things changed sharply, with a strong burst of cold bringing windy and snowy conditions across much of the Northeast. Near-term natural gas prices have responded, with the 12-month strip adding nearly 10% since the middle of February after breaking below \$3.00 for the first time since Mid-November. The prompt month topped out around \$3.09 on Monday, but has given some ground and closed the session yesterday at \$2.981/MMBtu. The combination of lagging production and cold weather has forced the end-of-season storage projections back towards the 5-year average, with current estimates hovering around 1.95 Tcf. The market is expecting a 58 Bcf withdrawal when the EIA releases their weekly storage report this morning, compared to a 9 Bcf pull last year and a 5-year average withdrawal of 85 Bcf. The cold weather we're experiencing this week will affect next week's withdrawal, which is currently expected to reduce stocks by a whopping 162 Bcf, which compares to a 13 Bcf injection last year and a 5-year average withdrawal of 21 Bcf.

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 3/16/2017)

ISO-NE Mass Hub \$61.17	MISO Indiana Hub \$36.13	NYISO Zone G \$62.69
PJM West Hub \$46.99	ERCOT North \$22.02	CAISO SP15 \$28.07
NYMEX NG	Close	Change
Apr-17	2.981	0.043
May-17	3.040	0.047
12 Month	3.209	0.035
Bal 17	3.154	0.039
Cal 18	2.999	0.015

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,295	2,363	2,487	1,932
Diff v. Current		-64 (-68)	-192	363
% Diff			-7.7%	18.8%

