

Early Morning Update:

The Apr17 natural gas contract is trading up \$0.02 to \$3.03. The May17 crude contract is down \$0.14 at \$47.90.

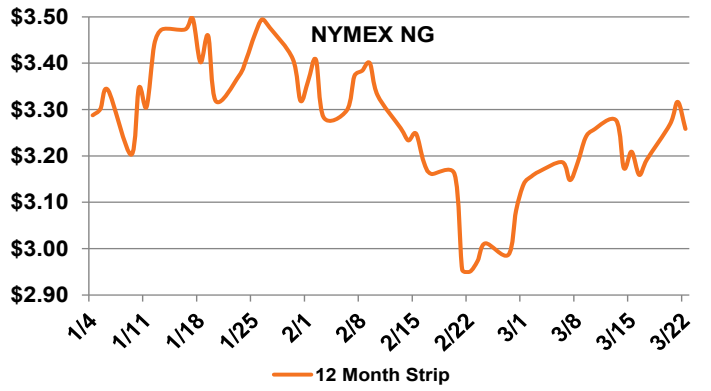
Summary: After three straight sessions of significant gains that amounted to a 6.6% increase in the price of natural gas since last Thursday, the market may finally be giving up hope for more winter weather. The waves of cold temperatures that crossed the country and a winter storm helped fuel the rally, which saw prices break above the \$3.00 technical level initially on March 10, and then again this past Monday. However, despite a very large storage withdrawal expected to be announced by the U.S. Energy Information Administration this morning, the prompt month gave up 8.2 cents yesterday, settling at \$3.011/MMBtu. Estimates for the decline in storage inventories in the week to March 17 range from 138 to 170 Bcf, with a consensus around a 154 Bcf. This is almost three times as large as the 53 Bcf pull from stocks reported last week, and dwarfs the 21 Bcf five-year average withdrawal and last year's 13 Bcf injection for the same week. Data from the National Oceanic and Atmospheric Administration for the week to March 18 shows there were 106% more heating degree days compared to the same week last year, as well as 18% more than normal for this time of year.

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 3/23/2017)

ISO-NE Mass Hub \$39.84	MISO Indiana Hub \$33.81	NYISO Zone G \$44.60
PJM West Hub \$37.48	ERCOT North \$20.00	CAISO SP15 \$21.39
NYMEX NG	Close	Change
Apr-17	3.011	-0.082
May-17	3.073	-0.082
12 Month	3.258	-0.058
Bal 17	3.201	-0.065
Cal 18	3.015	-0.028

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,242	2,295	2,478	1,847
Diff v. Current		-53	-236	395
% Diff			-9.5%	21.4%

