

Early Morning Update:

The May18 natural gas contract is trading up \$0.05 at \$2.75. The May18 crude contract is down \$0.08 at \$64.30.

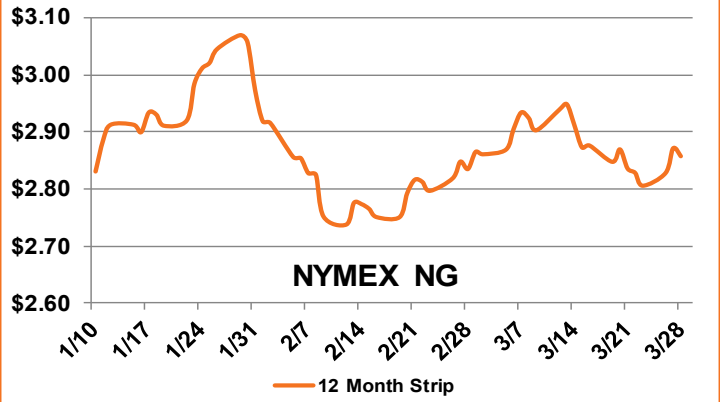
Summary: In its debut as the prompt month yesterday, the May natural gas contract settled 1.6 cents lower at \$2.698/MMBtu on the heels of mixed weather forecasts, declining demand, and robust production. Lower-than-normal temperatures dominate the Northeast and Midwest, while warmer-than-normal temperatures envelop the West, Southwest, and much of the Southeast. Demand for natural gas is expected to drop 8-9 Bcf/d over the next six days compared to the previous week, and production should remain very strong around 78 Bcf/d. The second last withdrawal of the season is expected to be reported this morning by the U.S. Energy Information Administration. Covering the week to Mar. 23, estimates for the pull from storage range from 65 to 81 Bcf, with a consensus formed around 71 Bcf. Currently, storage inventories are expected to drop to 1.36 Tcf, 20% below normal, before rebuilding begins. The market seems more focused on where storage levels will be in time for next winter, which are projected to be only 4% in deficit to the five-year average.

Bullish Factors

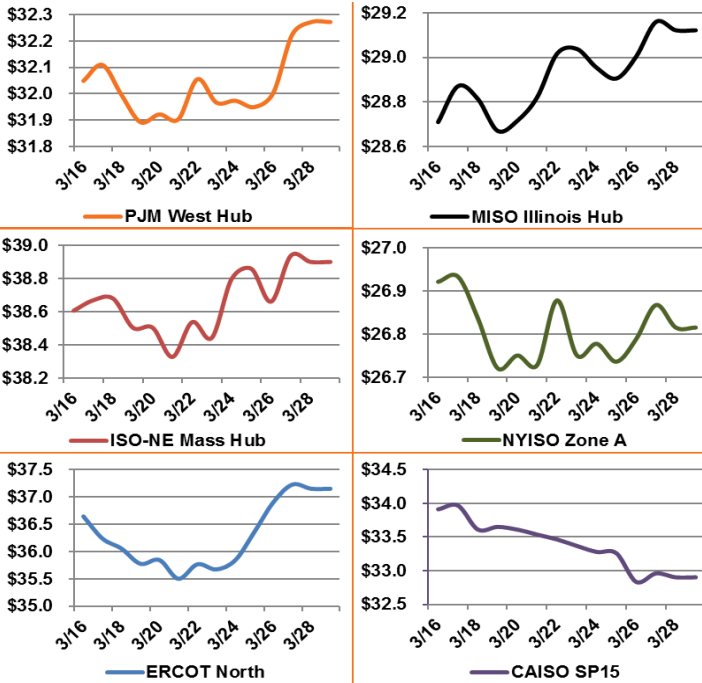
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation
- Increasing normal temperatures



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 3/29/2018)

ISO-NE Mass Hub \$27.02	MISO Indiana Hub \$31.00	NYISO Zone G \$28.81
PJM West Hub \$31.80	ERCOT North \$29.00	CAISO SP15 \$19.75
NYMEX NG	Close	Change
May-18	2.698	-0.016
Jun-18	2.751	-0.015
12 Month	2.857	-0.012
Cal 19	2.785	-0.006
Cal 20	2.766	-0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,446	1,532	2,113	1,775
Diff v. Current		-86	-667	-329
% Diff			-31.6%	-18.5%

