

**Early Morning Update:**

The May18 natural gas contract is trading up \$0.01 at \$2.69. The May18 crude contract is up \$0.34 at \$63.35.

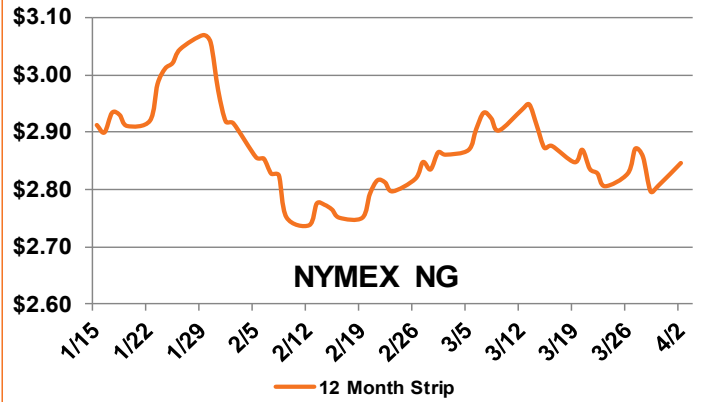
**Summary:** New record production levels set on Monday urged the natural gas market lower, with the May 2018 natural gas contract settling down five cents to \$2.683/MMBtu. The 12-month strip lost three cents to \$2.846, the 2019 year stayed flat at \$2.791, and 2020 moved up less than a cent to \$2.778. Dry gas production remains strong and hit a new high of 78.44 Bcf/d on Monday, driven mainly by new year-to-date highs in southwestern production. Total national production is up nearly 10% year-over-year, and continuing to show strength. On the weather side, temperatures look to be a bit of a rollercoaster on the East Coast, but mainly staying below normal. The West Coast and Southeast remain slightly warmer than normal, but should moderate in the 11-20 day forecasts. Cove Point has begun commercial service after its initial commissioning, and is awaiting the arrival of its second cargo ship as feed gas ramped up to just above 0.75 Bcf/d over the weekend.

**Bullish Factors**

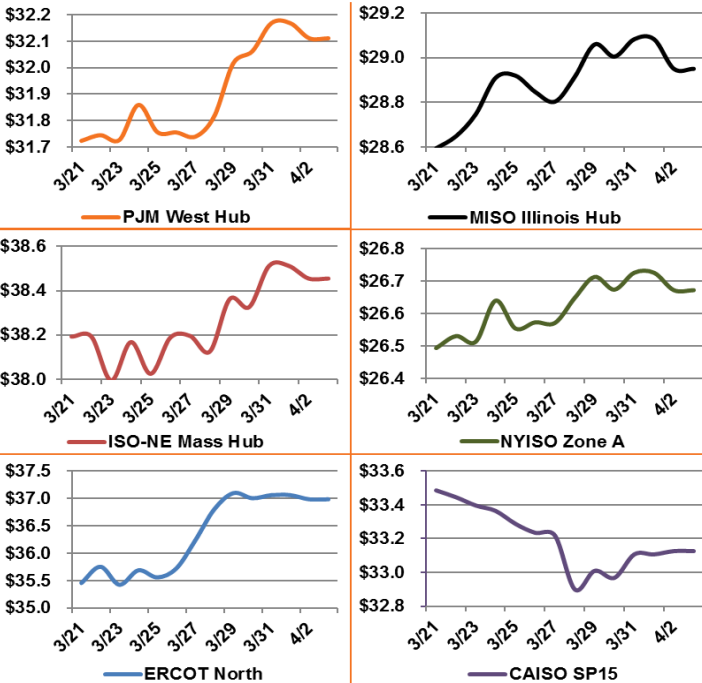
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

**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 4/3/2018)**

<b>ISO-NE Mass Hub</b> \$47.63	<b>MISO Indiana Hub</b> \$30.08	<b>NYISO Zone G</b> \$33.95
<b>PJM West Hub</b> \$34.45	<b>ERCOT North</b> \$24.04	<b>CAISO SP15</b> \$26.67
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Apr-18	2.683	-0.050
May-18	2.732	-0.046
12 Month	2.846	-0.033
Cal 19	2.792	0.000
Cal 20	2.778	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>	1,446	1,532	2,113	1,775
<b>Diff v. Current</b>		-86	-667	-329
<b>% Diff</b>			-31.6%	-18.5%

