

Early Morning Update:

The May18 natural gas contract is trading flat to yesterday's close \$2.65. The May18 crude contract is up \$0.39 at \$65.90.

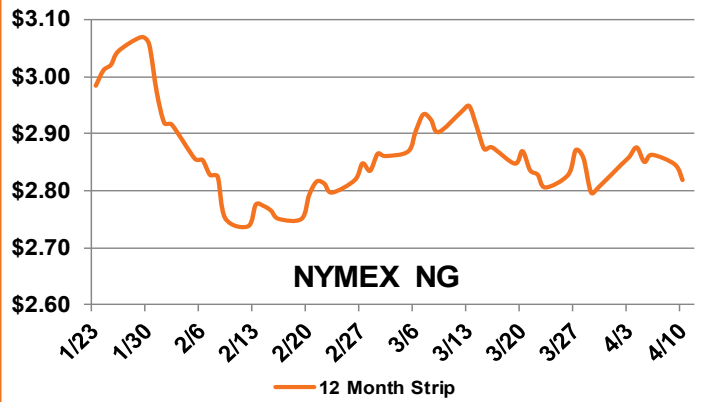
Summary: Amid waning natural gas demand, the NYMEX May natural gas contract slid 3.7 cents yesterday to settle at \$2.65/MMBtu. While dry natural gas production is setting record highs (78.9 Bcf/d), U.S. natural gas demand is dwindling entering the shoulder season. The EIA forecasts production to average 81.1 Bcf/d in 2018, 7.5 Bcf/d higher than the 2017 average, according to their Short-Term Energy Outlook released yesterday. The EIA cites growing domestic consumption and increasing exports, causing demand to grow by 4.2 Bcf/d in 2018, as the leading causes for production growth. Based on these projections, the outlook estimates natural gas storage levels will reach 3.8 Tcf in October before heading into the next withdrawal season. Current storage inventories are 1.354 Tcf, 20% lower than the 5-year average. 3.8 Tcf in October would recover 18% of the deficit to the 5-year average. Summer weather will play a large role in the storage injection season. Preliminary summer outlooks are expected to enter the market any day now.

Bullish Factors

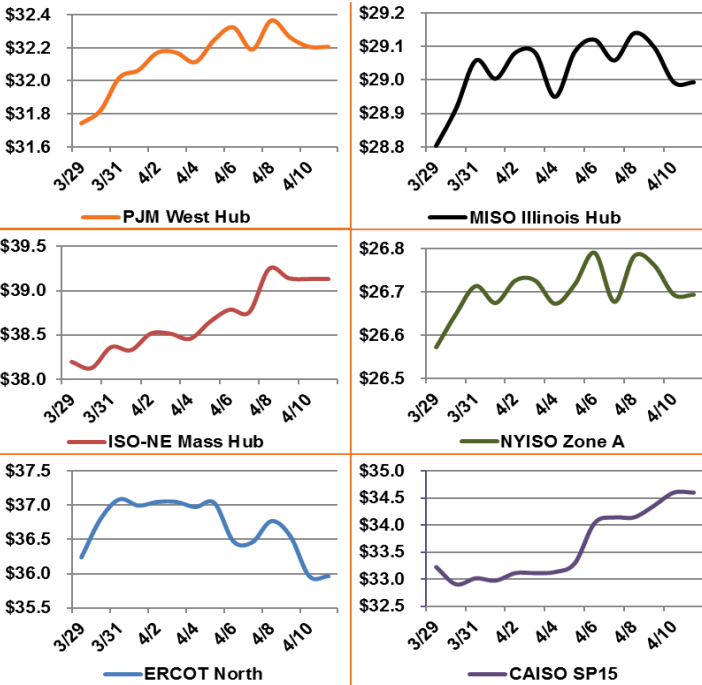
- Lingering cold weather
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

- NG production at record levels
- Growing renewable energy generation



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 4/11/2018)

ISO-NE Mass Hub \$68.00	MISO Indiana Hub \$34.00	NYISO Zone G \$37.44
PJM West Hub \$35.24	ERCOT North \$21.17	CAISO SP15 \$32.50
NYMEX NG	Close	Change
Apr-18	2.656	-0.037
May-18	2.694	-0.037
12 Month	2.819	-0.027
Cal 19	2.779	-0.010
Cal 20	2.766	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,354	1,383	2,051	1,701
Diff v. Current		-29	-697	-347
% Diff			-34.0%	-20.4%

