

Early Morning Update:

The May17 natural gas contract is trading down \$0.02 at \$3.17.
The May17 crude contract is up \$0.09 at \$53.20.

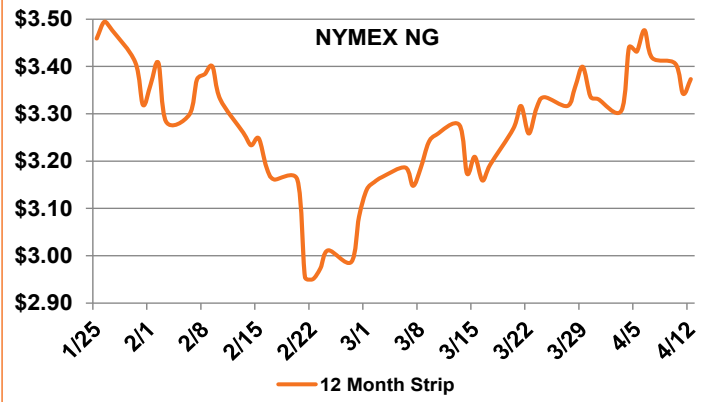
Summary: Between Feb. 21 and Apr. 6, natural gas prices had uncharacteristically risen almost 30%. This was unusual for this time of year, as spring is generally a time of low natural gas demand, and the size of the price increase suggested that the market was undersupplied, and stagnant production lent fuel to the fire. However, the quick ascension to high prices for this time of year convinced traders that a sell-off was in order, and that's what occurred over the past week, as prices tumbled 18 cents. The prompts month's downside paused yesterday, as the NYMEX futures contract for May delivery settled at \$3.187/MMBtu, up 3.7 cents day-over-day. The market also appears to be in wait-and-see mode, as traders and analysts anticipate the U.S. Energy Information Administration's weekly storage report for the first week of April. Estimates for the second injection of the storage rebuilding season range from 4 to 14 Bcf, with a consensus at 8 Bcf. Last year for the same week saw a 1 Bcf withdrawal, while the five-year average is a 12 Bcf build. According to the National Oceanic and Atmospheric Administration, there were 18% fewer heating degree days than for the same week last year, and 17% fewer than normal for the week.

Bullish Factors

- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Power burn down year-over-year
- Producer hedging
- Less coal-to-gas switching



Next Day On-Peak Power (traded for 4/13/2017)

ISO-NE Mass Hub \$30.92	MISO Indiana Hub \$31.54	NYISO Zone G \$32.77
PJM West Hub \$32.55	ERCOT North \$23.88	CAISO SP15 \$24.10
NYMEX NG	Close	Change
May-17	3.187	0.037
Jun-17	3.262	0.038
12 Month	3.373	0.031
Bal 17	3.356	0.036
Cal 18	3.082	0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,051	2,049	2,479	1,785
Diff v. Current		2	-427	265
% Diff			-17.2%	14.8%

