

Early Morning Update:

The May17 natural gas contract is trading down \$0.04 at \$3.12.
The May17 crude contract is down \$0.35 at \$52.30.

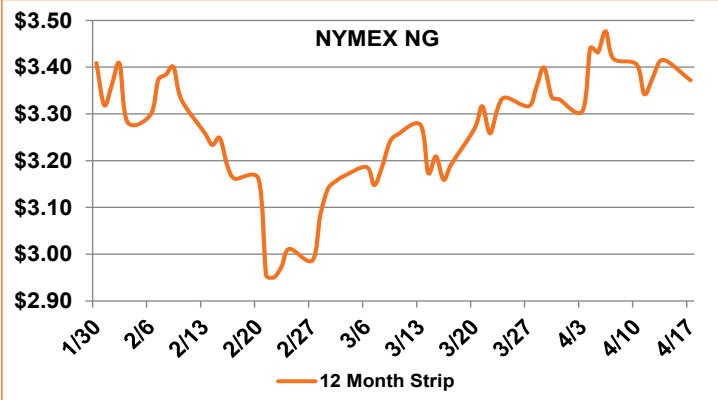
Summary: The natural gas prompt month continued its rocky journey yesterday, as it lost 2% and settled down 6.4 cents at \$3.164/MMBtu. Weather reports point to average to slightly above-average temperatures throughout the heating centers of the country over the next two weeks, erasing much of the lingering heating demand left over from winter. Production is still lagging nearly 2.0 Bcf/d in comparison to last year's numbers, despite having increased to an average of 70.8 Bcf/d in April. An injection of 47 is expected this week, which is higher than historical builds. Investors are currently holding their largest bullish position in 10 years, fueling confidence in a rising market and beliefs that storage levels may prove to be tight this summer.

Bullish Factors

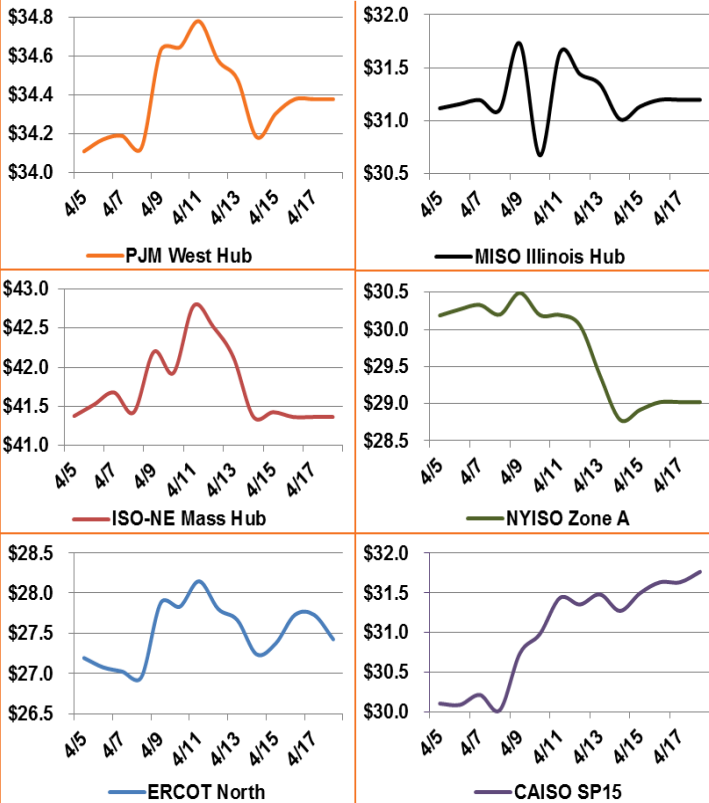
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 4/18/2017)

ISO-NE Mass Hub \$34.41	MISO Indiana Hub \$34.33	NYISO Zone G \$37.13
PJM West Hub \$32.99	ERCOT North \$26.50	CAISO SP15 \$31.12
NYMEX NG	Close	Change
May-17	3.163	-0.064
Jun-17	3.251	-0.056
12 Month	3.372	-0.041
Bal 17	3.350	-0.049
Cal 18	3.101	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,061	2,051	2,477	1,798
Diff v. Current		10	-416	263
% Diff			-16.8%	14.6%

