

Early Morning Update:

The May17 natural gas contract is trading down \$0.02 at \$3.08.
The May17 crude contract is down \$0.02 at \$49.60.

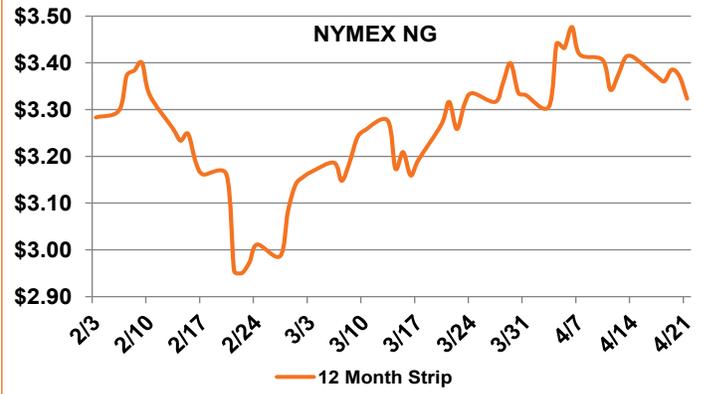
Summary: The natural gas market has been losing steam this past week, falling in four of the past five sessions and declining 12.6 cents. On Friday, the NYMEX May17 contract fell 5.8 cents, settling at \$3.10/MMBtu, as mild weather settled in across most of the country. Weather forecasts from the National Oceanic and Atmospheric Administration show cooler-than-normal temperatures across most of the interior regions of the country, with warmer-than-average temperatures along both coasts over the next two weeks. According to the U.S. Energy Information Administration in their Natural Gas Weekly Update, demand for natural gas in the residential/commercial sector declined 28% week-over-week. The recent temperate weather has been warm enough to keep heating demand at bay, and not quite hot enough to induce significant cooling demand. Storage building is expected to pick up over the next few weeks, with the EIA projecting 1,750 Bcf to be added to stockpiles this season. Despite signs that natural gas production may be increasing, end-of-season storage levels will likely fall short of the record-high 4,047 Bcf seen at the end of last injection season.

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 4/24/2017)

ISO-NE Mass Hub \$25.51 4/22/17	MISO Indiana Hub \$35.01 4/22/17	NYISO Zone G \$23.87 4/22/17
PJM West Hub \$33.96	ERCOT North \$22.50	CAISO SP15 \$33.44
NYMEX NG	Close	Change
May-17	3.101	-0.058
Jun-17	3.192	-0.058
12 Month	3.323	-0.048
Bal 17	3.291	-0.056
Cal 18	3.108	-0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,115	2,061	2,483	1,833
Diff v. Current		54	-368	282
% Diff			-14.8%	15.4%

