

Early Morning Update:

The May17 natural gas contract is trading down \$0.01 at \$3.06.
The May17 crude contract is down \$0.13 at \$49.10.

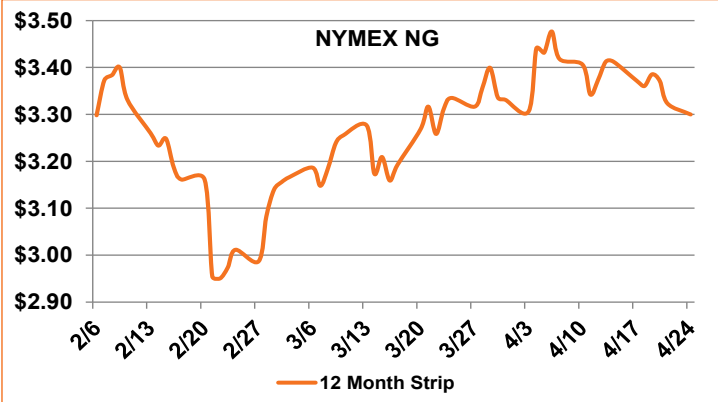
Summary: Amid reports of slipping demand and rising rig counts, the May17 natural gas contract lost 3.5 cents on Monday to settle at \$3.066/MMBtu. This was the prompt month's lowest settlement since March 27, and it has shown losses in the last five out of six sessions. The 2018 calendar year moved less than a cent down, to \$3.108, and years 2019 through 2023 dropped between one and two cents. These outer years remain trading between \$2.90 and \$3.00. Total gas demand is down 7.0 Bcf/d this year compared to 2016, led primarily by weather-related residential and commercial demand. Weather reports are predicting above-average temperatures for the eastern portion of the country in the 6-10 day forecast, eliminating any leftover heating demand. In addition to waning res/comm demand, the Baker Hughes natural gas rig count increased by five this week to 167 total in operation for the U.S., pointing to a potential increase in production over the coming summer months. The recent selloff can also possibly be a market correction to the swell in bullish positions that hit 10-year highs during the week of April 18th.

Bullish Factors

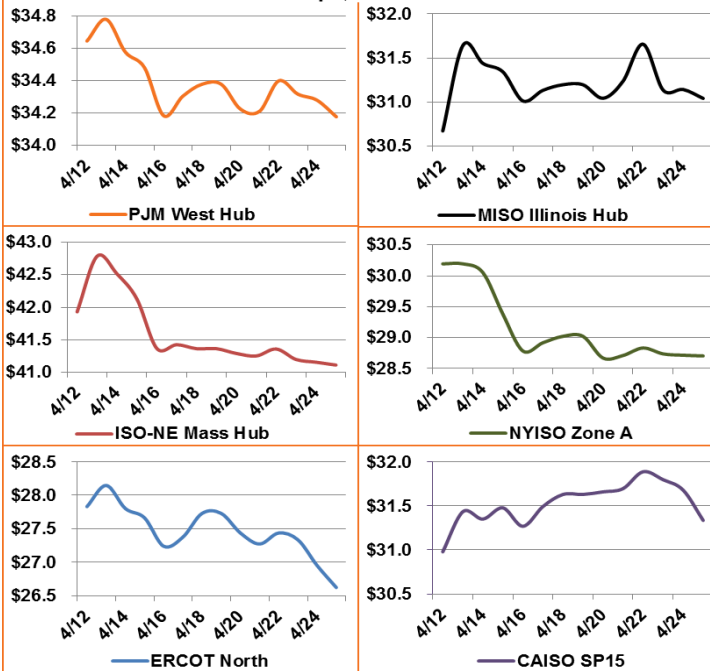
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 4/25/2017)

ISO-NE Mass Hub \$32.28	MISO Indiana Hub \$38.00	NYISO Zone G \$33.26
PJM West Hub \$32.88	ERCOT North \$24.25	CAISO SP15 \$26.06
NYMEX NG	Close	Change
May-17	3.066	-0.035
Jun-17	3.160	-0.032
12 Month	3.300	-0.023
Bal 17	3.265	-0.026
Cal 18	3.100	-0.008

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%

