

**Early Morning Update:**

The May17 natural gas contract is trading up \$0.02 at \$3.06. The May17 crude contract is down \$0.41 at \$49.15.

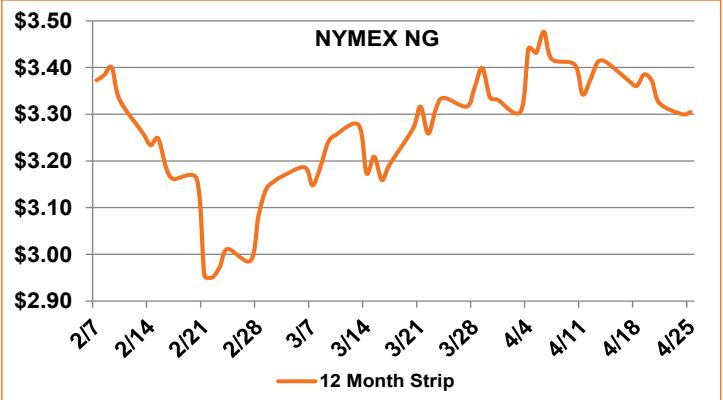
**Summary:** During its second-to-last day of forward trading, the May17 NYMEX natural gas contract settled at \$3.043/MMBtu, down 2.3 cents from Monday's close and marking the fourth consecutive trading day with posted losses for the prompt month. At yesterday's close, it was May's lowest settlement price since March 19, when the contract settled at \$3.004/MMBtu. Traders squaring their books and bearish near-term weather forecasts offering little support for late season heating demand or an early start to cooling demand can be attributed to the decline in prices. Another factor aiding to diminished near-term demand is nuclear generation's return to the grid in the coming weeks as nuclear refueling season comes to an end and prepares for summer power demand. Yesterday's losses were confined to the prompt month, while months beyond ticked up slightly. The largest gains seen yesterday were in the second half of 2018, which increased by an average of 1.3 cents. This could be an indicator of a tightening of the supply/demand balance, as we head into the higher demand summer months without signs of U.S. dry natural gas production increases yet this year.

**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 4/26/2017)**

<b>ISO-NE Mass Hub</b> \$28.01	<b>MISO Indiana Hub</b> \$39.00	<b>NYISO Zone G</b> \$30.50
<b>PJM West Hub</b> \$32.81	<b>ERCOT North</b> \$24.23	<b>CAISO SP15</b> \$27.39
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
May-17	3.043	-0.023
Jun-17	3.165	0.005
12 Month	3.305	0.005
Bal 17	3.269	0.004
Cal 18	3.110	0.010

**EIA Natural Gas Storage**

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

