

Early Morning Update:

The Jun17 natural gas contract is trading down \$0.04 at \$3.23. The Jun17 crude contract is down \$0.92 at \$48.70.

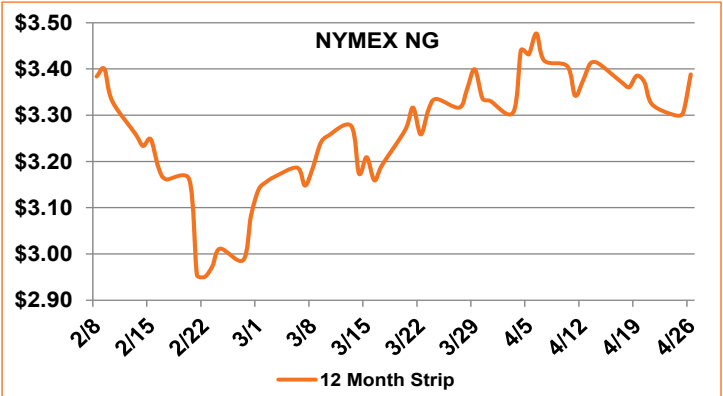
Summary: Over the past six months, prices for the prompt month have risen on the final day of trading. This holds true for the month of May, as well, moving up almost 10 cents yesterday to expire at \$3.142/MMBtu. June becomes the prompt month today, opening this morning at \$3.271. Cooler-than-normal temperatures are seen across the central portion of the country, which could mean a slight uptick in late season heating demand, while weather remains above normal along both coasts, not quite warm enough for much cooling demand. Despite a bump up to 71.1 Bcf/d yesterday, natural gas production continues to stagnate between 70-71 Bcf/d, which could mean a lack of supply for this summer's demand if it continues. The EIA's weekly storage report will be released this morning, with estimates for the weekly injection into inventories in the low 70s. This is a bit higher than the 64 Bcf injection we saw last year for this week, as well as higher than the 57 Bcf five-year average.

Bullish Factors

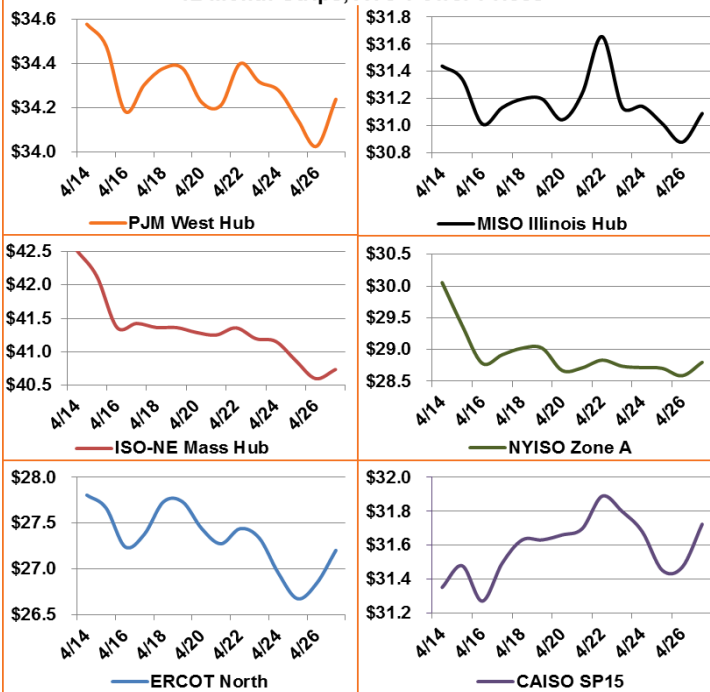
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 4/27/2017)

ISO-NE Mass Hub \$31.48	MISO Indiana Hub \$32.31	NYISO Zone G \$32.96
PJM West Hub \$36.82	ERCOT North \$20.89	CAISO SP15 \$23.35
NYMEX NG	Close	Change
May-17	3.142	0.099
Jun-17	3.271	0.106
12 Month	3.388	0.083
Bal 17	3.363	0.094
Cal 18	3.141	0.031

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%

