

Early Morning Update:

The Jun17 natural gas contract is trading up \$0.02 at \$3.25. The Jun17 crude contract is up \$0.60 at \$49.58.

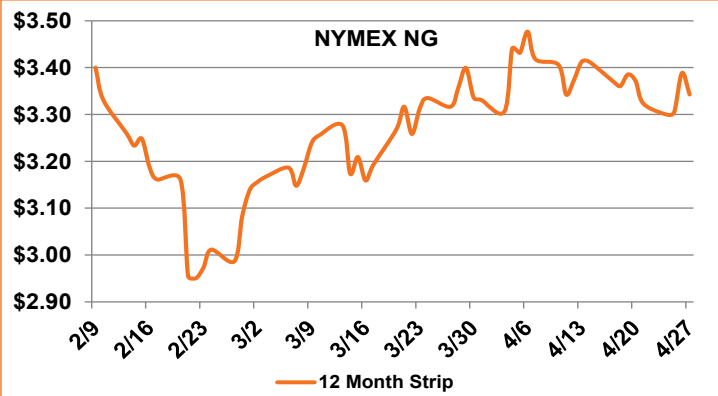
Summary: The prompt NG market traded in a tight range during a relatively quiet trading session. The EIA reported an as-expected 74 Bcf injection into storage which initially caused the market to bump up by a few cents, but it quickly retreated to its pre-storage levels and that's where it ultimately closed. The market is keenly focused on weather forecasts for the upcoming summer as the amount of cooling demand could influence the end-of-summer storage levels. The market currently sees that number as roughly 3.7 Tcf, far below last year and even below the 5-year average. The current price for NG Jan-Feb '18, \$3.61, is elevated because of these forecasted low storage levels. But there is genuine concern that a very cold winter, when starting with lower storage levels could be an issue. So the ultimate amount of NG production and power burns for the balance of the year will be closely watched to see how it impacts pricing for next winter.

Bullish Factors

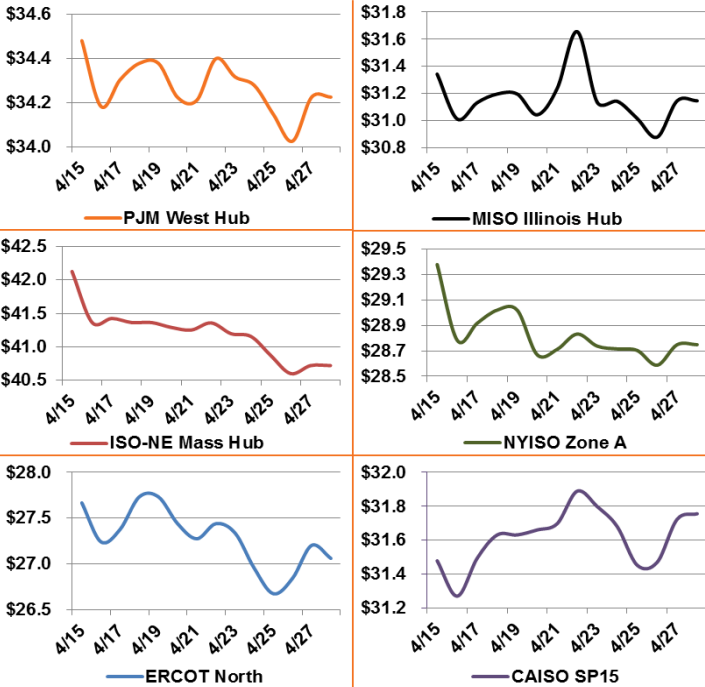
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 4/28/2017)

ISO-NE Mass Hub \$30.43	MISO Indiana Hub \$32.31	NYISO Zone G \$33.50
PJM West Hub \$37.33	ERCOT North \$20.89	CAISO SP15 \$22.72
NYMEX NG	Close	Change
Jun-17	3.239	-0.032
Jul-17	3.320	-0.030
12 Month	3.342	-0.028
Cal 18	3.120	-0.021
Cal 19	2.906	-0.015

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,189	2,115	2,547	1,890
Diff v. Current		74	-358	299
% Diff			-14.1%	15.8%

