

**Early Morning Update:**

The Jun17 natural gas contract is trading up \$0.02 at \$3.30. The Jun17 crude contract is down \$0.23 at \$49.10.

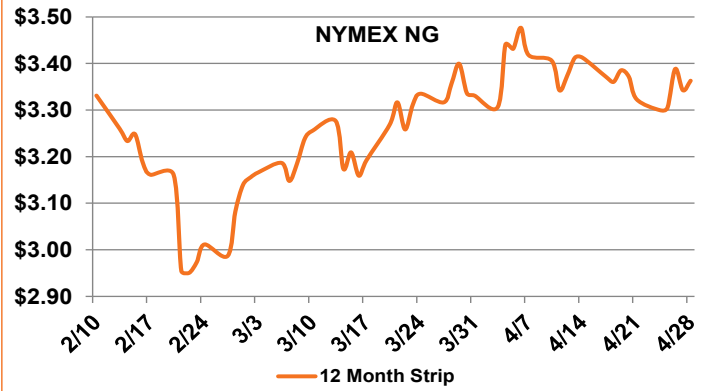
**Summary:** Gas and power market prices continue to hinge on flat lining production and the potentially threatening summer weather. Despite supply temporarily breaking through the 71bcf/d level late last week, the June contract is currently up 3cents from Friday's close at a two-week high \$3.30. Gas demand is up almost 5bcf/d both month –over-month and year-over-year, with about 50% of the increase coming from power burns. The balance of '17 and calendar strips '18 – '20 are up about 3cents from yesterday, the biggest move coming from summer '18.

**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 5/1/2017)**

<b>ISO-NE Mass Hub</b> \$30.43	<b>MISO Indiana Hub</b> \$32.31	<b>NYISO Zone G</b> \$33.50
<b>PJM West Hub</b> \$37.33	<b>ERCOT North</b> \$20.89	<b>CAISO SP15</b> \$22.72
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jun-17	3.276	0.037
Jul-17	3.353	0.033
12 Month	3.363	0.021
Cal 18	3.126	0.006
Cal 19	2.908	0.002

**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>	2,189	2,115	2,547	1,890
<b>Diff v. Current</b>		74	-358	299
<b>% Diff</b>			-14.1%	15.8%

