

Early Morning Update:

The Jun17 natural gas contract is trading down \$0.01 at \$3.21.
The Jun17 crude contract is up \$0.06 at \$48.90.

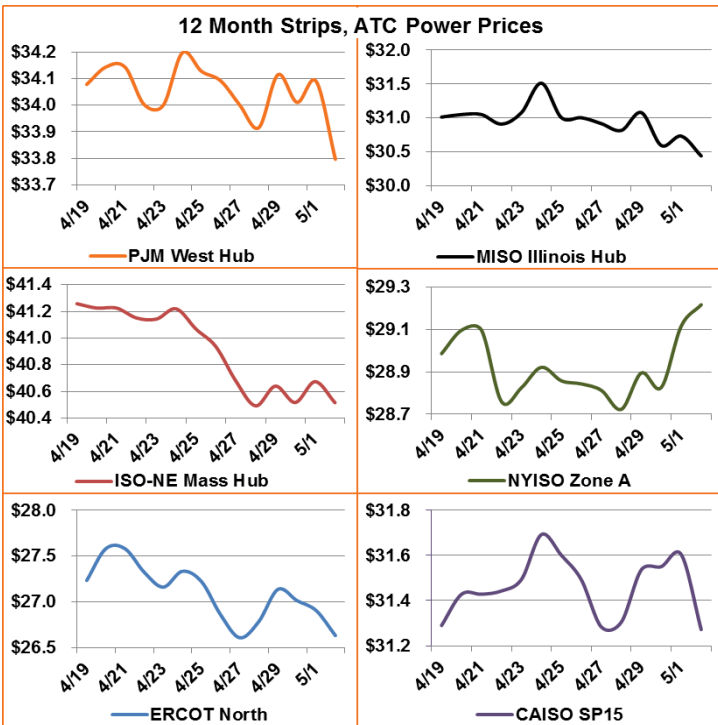
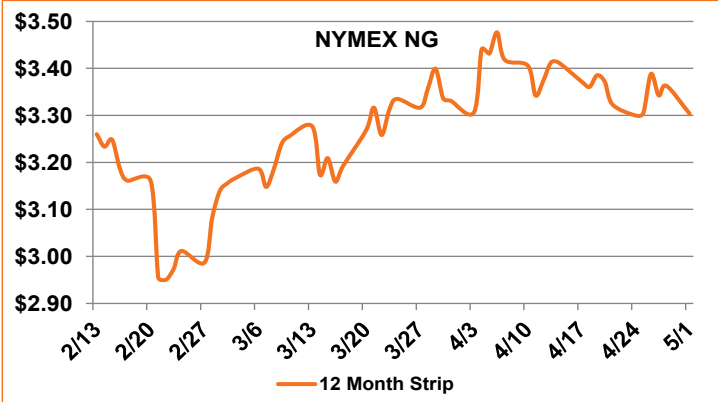
Summary: Minimal weather-related demand on the horizon dampened near-term natural gas futures on Monday, with the prompt month settling down six cents to \$3.215/MMBtu. Future calendar strips took a three cent dip across the board, a slight reprieve from the moderate gains acquired over the course of the past week. Below-average temperatures are dominating the East Coast over the next two weeks, and, while that could cause some incidental heating demand, average to slightly-above-average weather for the rest of the country will restrict nationwide heating demand to a minimum. Additions to the national rig count brought levels to a two-year high this past week, with gas rigs nearly doubling in number compared to this point last year. Although gains on the production side for 2017 have appeared minimal thus far, the U.S. Energy Information Administration reported that production did grow more than expected in February, giving some limited optimism for increased deposits into natural gas storage this summer.

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 5/2/2017)

ISO-NE Mass Hub \$31.46	MISO Indiana Hub \$36.83	NYISO Zone G \$34.13
PJM West Hub \$30.89	ERCOT North \$23.76	CAISO SP15 \$35.27
NYMEX NG	Close	Change
Jun-17	3.215	-0.061
Jul-17	3.293	-0.060
12 Month	3.304	-0.059
Cal 18	3.083	-0.043
Cal 19	2.874	-0.034

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%

