

Early Morning Update:

The Jun17 natural gas contract is trading up \$0.04 at \$3.26. The Jun17 crude contract is up \$0.72 at \$46.60.

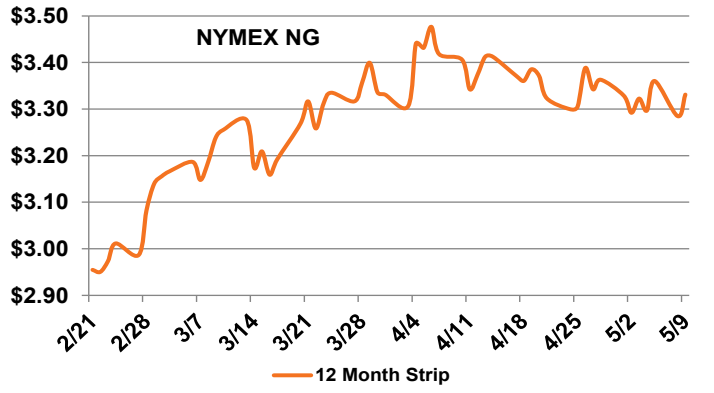
Summary: Amid tightening supply and demand fundamentals, the Jun17 NYMEX natural gas contract gained 5.5 cents yesterday to settle at \$3.227/MMBtu. Cooler weather in the northeast has resulted in increased heating demand during this shoulder season, and warmer temperatures in the midcontinent, as well as generation maintenance outages have resulted in increased power burn. According to Platts analytics, national power burn increased by about 6% day-over-day yesterday. Exports to Mexico also increased yesterday to 4.316 Bcf/d, the highest level reported since the beginning of recording in 2015. Meanwhile, U.S. dry natural gas production was estimated under 70 Bcf yesterday, resulting in less supply. The EIA released their Short-Term Energy Outlook on Tuesday, painting a slightly more bearish picture for the natural gas market. Notable forecast changes from the April outlook included increasing the dry natural gas production estimate by 1.0 Bcf/day in 2017 and 0.2 Bcf/day in 2018, increasing natural gas exports estimates by 0.4 Bcf/d for 2017 and 2018, and increasing wind power capacity by 7% for 2018 (due to new information about planned wind capacity additions). Wind capacity is expected to be 88 GW in 2017 and increase by 16% to 102 GW in 2018.

Bullish Factors

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

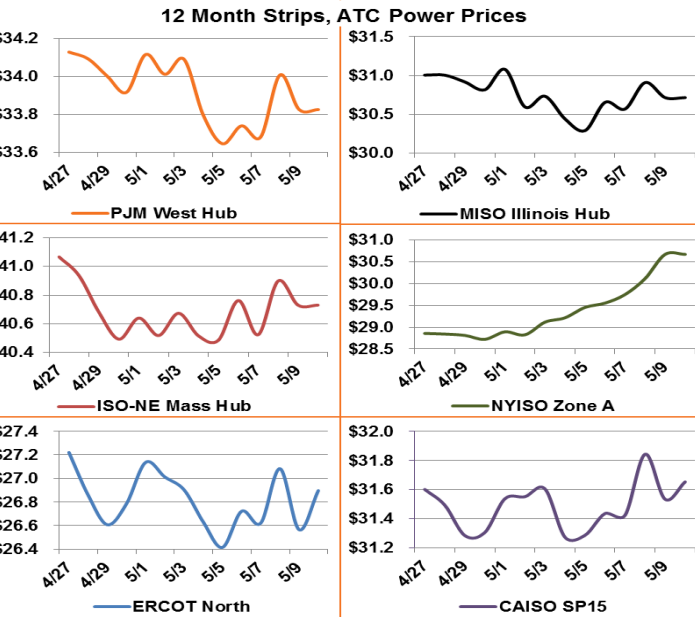
Bearish Factors

- Power burn down year-over-year
- Producer hedging
- Less coal-to-gas switching



Next Day On-Peak Power (traded for 5/10/2017)

ISO-NE Mass Hub \$29.91	MISO Indiana Hub \$37.42	NYISO Zone G \$32.33
PJM West Hub \$34.48	ERCOT North \$24.63	CAISO SP15 \$30.89
NYMEX NG	Close	Change
Jun-17	3.227	0.055
Jul-17	3.315	0.058
12 Month	3.331	0.046
Cal 18	3.096	0.024
Cal 19	2.869	0.003



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,256	2,189	2,615	1,953
Diff v. Current		67	-359	303
% Diff			-13.7%	15.5%

