

Early Morning Update:

The Jun17 natural gas contract is trading up \$0.04 at \$3.33. The Jun17 crude contract is up \$0.72 at \$48.05.

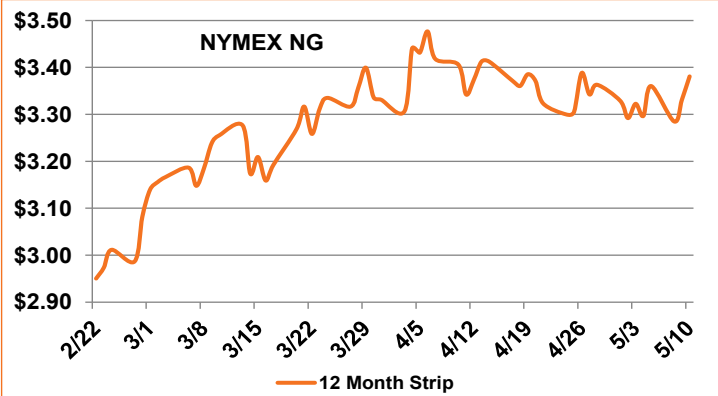
Summary: Prices for the Jun17 natural gas contract rose more than 12 cents throughout the morning yesterday, before losing steam in the afternoon to close the session up 6.5 cents on the day at \$3.292/MMBtu. Managed money added to net long positions last week, providing some additional support to prices. The market is expecting a build of ~52 Bcf for the week to May 5 when the U.S Energy Information Administration posts their weekly storage number later this morning, followed by roughly 60 Bcf and 65 Bcf injections for each of the next two weeks. Each of these projections are below both last year's builds, as well as the 5-year averages. The EIA has reported an increase in both oil and gas rig counts recently, but dry gas production has not been increasing and remains relatively stagnant between 70-71 Bcf/d.

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 5/11/2017)

ISO-NE Mass Hub \$29.61	MISO Indiana Hub \$35.00	NYISO Zone G \$30.91
PJM West Hub \$35.28	ERCOT North \$26.15	CAISO SP15 \$33.55
NYMEX NG	Close	Change
Jun-17	3.292	0.065
Jul-17	3.380	0.065
12 Month	3.381	0.050
Cal 18	3.115	0.019
Cal 19	2.868	-0.002

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%

