

Early Morning Update:

The Jun17 natural gas contract is trading down \$0.07 at \$3.35. The Jun17 crude contract is up \$1.66 at \$49.50.

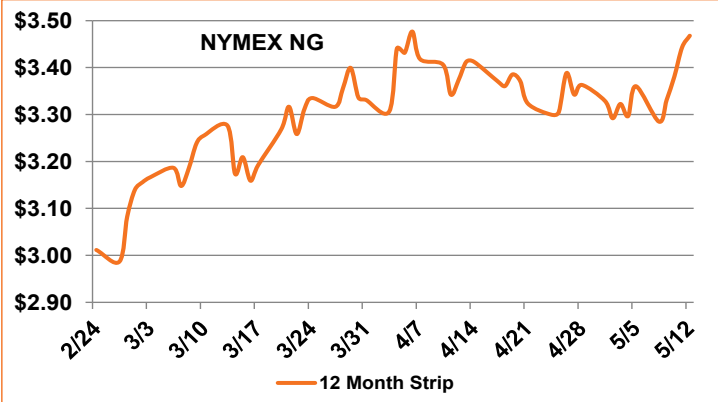
Summary: Prices continued their upward trend on Friday, gaining 4.8 cents to close at \$3.424/MMBtu. A combination of tightening supply/demand balance due to stagnant production and a recent spike in natural gas demand lead to a much lower than expected storage injection last week, putting upward pressure on prices. The gain on Friday pushed the prompt month to the highest the market has seen since December 30th. There have been no major changes to production numbers, remaining range-bound between 70-71 Bcf/d. Weather forecasts for the next couple of weeks are showing above-normal temperatures starting mostly in the eastern part of the U.S. The cooling demand season has begun and will continue to add pressure to this injection season, with a consensus from weather vendors for a warmer-than-normal summer. Money managers' bullish bets on the future price of natural gas have outweighed the number of bearish bets by 217,864 contracts, which is the highest on record dating back to 2006, according to the U.S. Commodity Futures Trading Commission for the week that ended May 9.

Bullish Factors

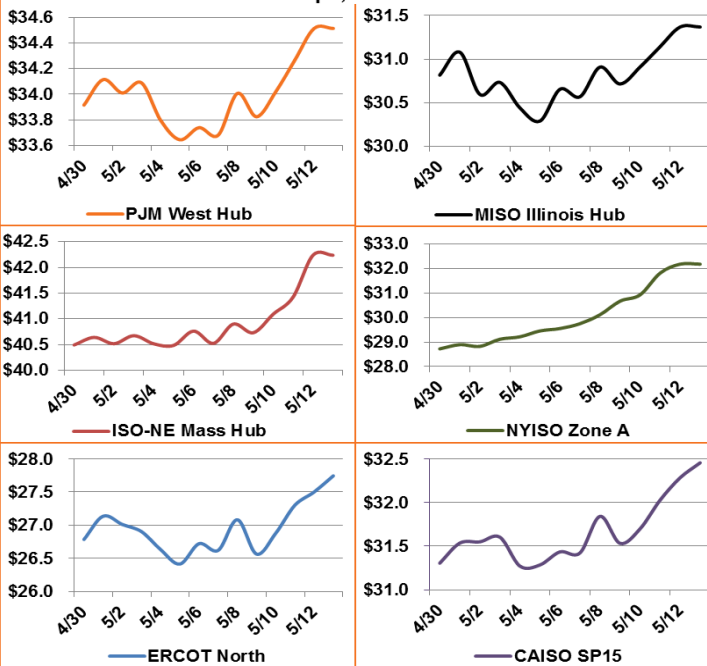
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices

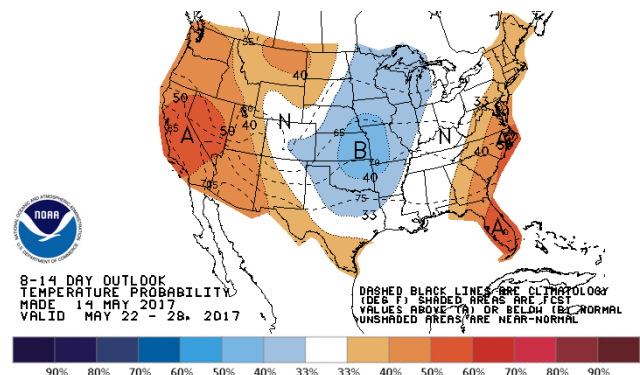
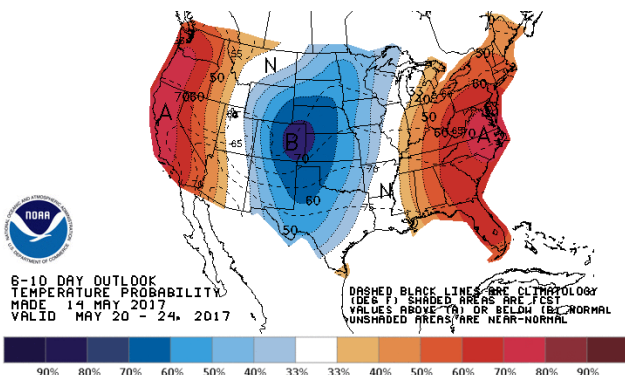


Next Day On-Peak Power (traded for 5/15/2017)

ISO-NE Mass Hub \$30.29 5/13/17	MISO Indiana Hub \$27.37 5/13/17	NYISO Zone G \$31.37 5/13/17
PJM West Hub \$33.80	ERCOT North \$26.00 5/13/17	CAISO SP15 \$25.22
NYMEX NG	Close	Change
Jun-17	3.424	0.048
Jul-17	3.498	0.037
12 Month	3.468	0.025
Cal 18	3.150	0.008
Cal 19	2.866	-0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,301	2,256	2,673	2,026
Diff v. Current		45	-372	275
% Diff			-13.9%	13.6%



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