

**Early Morning Update:**

The Jun17 natural gas contract is trading down \$0.06 at \$3.29.  
The Jun17 crude contract is up \$0.40 at \$49.25.

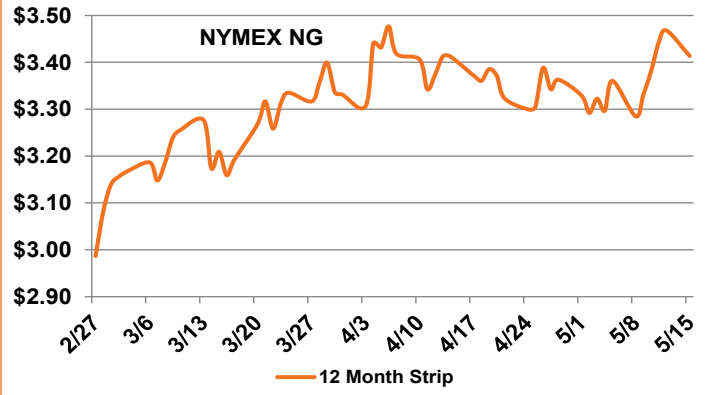
**Summary:** After reaching its highest level this year on Friday, traders took advantage of the prompt month's rally last week to cash in their profits. The Jun17 natural gas contract retreated in this week's opening session, dropping 7.5 cents to settle at \$3.349/MMBtu. Forward calendar strips were down, as well. The market has been putting a tighter focus on storage-building lately, and below-average injections helped fuel last week's rally. Despite the slow start to the injections season, storage inventories, while trailing last year by 372 Bcf, are still 275 higher than the five-year average. The American Gas Association estimated it would take 10 Bcf/d, close to the average rate of past injection seasons, to add 1.8 Tcf of gas to natural gas stockpiles. This would put the end-of-season storage level close to a record level. If production continues to stagnate, weather will be the key fundamental driving the pace of storage-building. However, if production increases, it shouldn't be too difficult to end the injection season close to record levels, despite most weather forecaster predicting a warmer-than-normal summer.

**Bullish Factors**

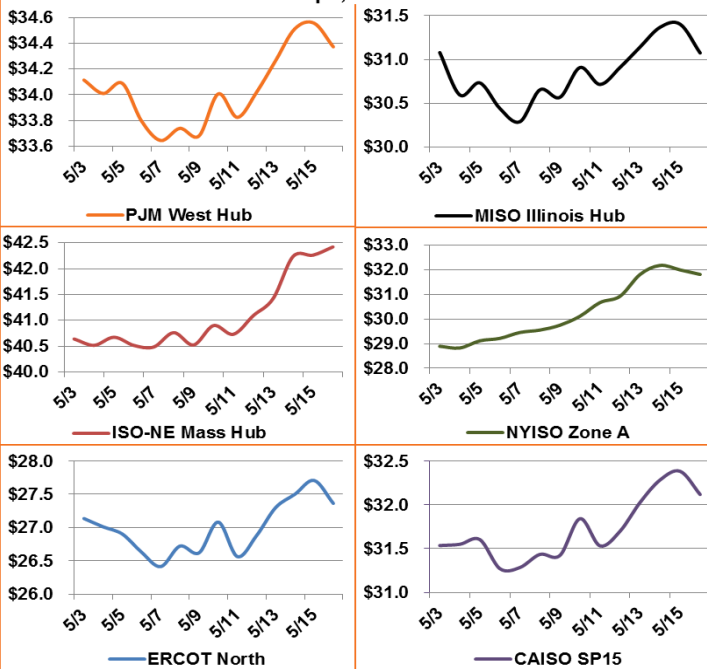
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**Bearish Factors**

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



**12 Month Strips, ATC Power Prices**



**Next Day On-Peak Power (traded for 5/16/2017)**

<b>ISO-NE Mass Hub</b> \$34.23	<b>MISO Indiana Hub</b> \$50.35	<b>NYISO Zone G</b> \$36.00
<b>PJM West Hub</b> \$37.71	<b>ERCOT North</b> \$23.75	<b>CAISO SP15</b> \$22.61
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jun-17	3.349	-0.075
Jul-17	3.429	-0.069
12 Month	3.414	-0.054
Cal 18	3.128	-0.022
Cal 19	2.859	-0.007

**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>	2,301	2,256	2,673	2,026
<b>Diff v. Current</b>		45	-372	275
<b>% Diff</b>			-13.9%	13.6%

