

Early Morning Update:

The Jun17 natural gas contract is trading up \$0.02 at \$3.25. The Jun17 crude contract is up \$0.14 at \$48.80.

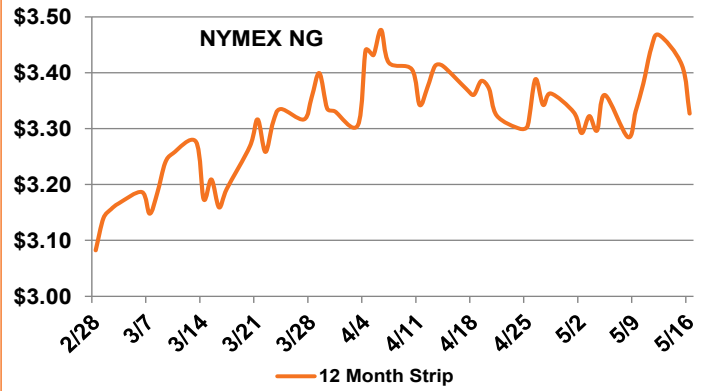
Summary: The prompt month posted a second consecutive day of losses during yesterday's trading session to settle at \$3.23/ MMBtu, down 11.9 cents on the day. Weather forecasts heading into the weekend anticipated an early and sustained start to cooling demand season, but after the weekend, were revised to predict a short life for warmer-than-average temperatures. Additionally, last week's rally could have been oversold due to the managed money sector increasing their bullish positions. After yesterday's losses, the prompt month is back to its May 9, 2017 level. In other news, the California ISO set new wind and total renewables records last week. On Friday, wind generation peaked at 4.787 GW in the afternoon, setting a new all-time record. And the following day, Saturday, the ISO had a total of 67.2% of demand served by renewables, setting a new all-time peak. This news comes at a time when the market is confident in increasing renewable generation across the United States and calendar strip prices are backwardated through calendar 2021.

Bullish Factors

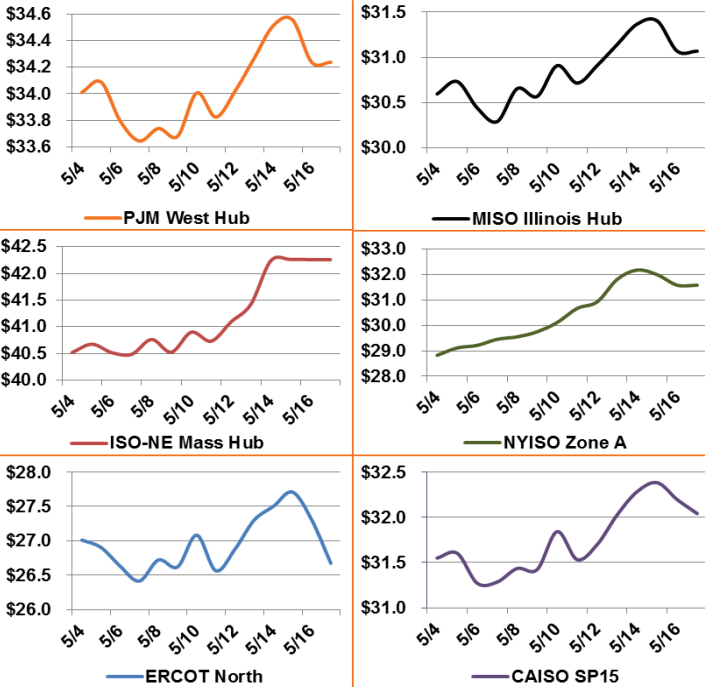
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 5/17/2017)

ISO-NE Mass Hub \$39.76	MISO Indiana Hub \$49.00	NYISO Zone G \$43.72
PJM West Hub \$47.78	ERCOT North \$26.50	CAISO SP15 \$24.18
NYMEX NG	Close	Change
Jun-17	3.230	-0.119
Jul-17	3.315	-0.114
12 Month	3.327	-0.087
Cal 18	3.089	-0.039
Cal 19	2.859	0.000

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%

