

Early Morning Update:

The Mar17 natural gas contract is trading up \$0.10 at \$2.69. The Apr17 crude contract is up \$1.00 at \$54.59.

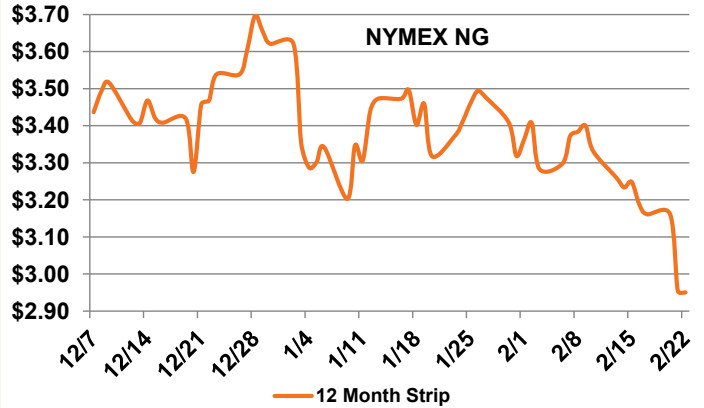
Summary: The NYMEX NG prompt month contract experienced the quintessential 'dead cat bounce' on Wednesday as price rose a modest \$.028 to close at \$2.592. It's not uncommon for there to be a small price increase the day after a large decline, and that's exactly what happened. No new news was released yesterday and with warm weather forecasts dominating the eastern half of the country for the next three weeks, near-term fundamentals remain bearish. The interesting part of this story is that while warm weather forecasts are understandably causing weakness in near-term prices, we're also seeing longer term prices move down in sympathy, with some calendar years approaching or hitting all-time lows despite unchanged long-term fundamentals. You have to look all the way to 2026 to see a calendar strip above \$3.00. Final EIA estimates for today call for a draw in the low 80's, below last year (-131) and the 5-year average (-158)

Bullish Factors

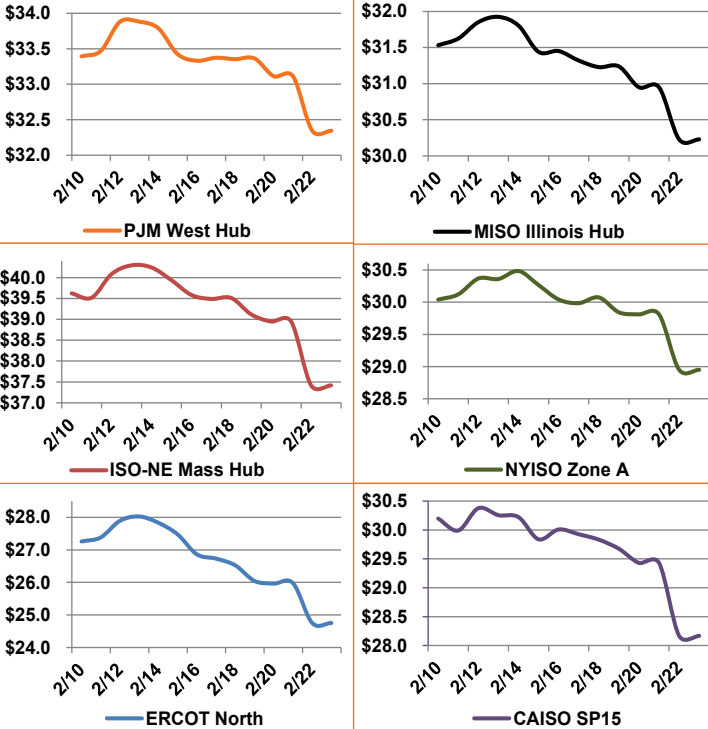
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Record warm weather
- Producer hedging
- Less coal-to-gas switching



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 2/23/2017)

ISO-NE Mass Hub \$21.58	MISO Indiana Hub \$29.84	NYISO Zone G \$25.50
PJM West Hub \$25.57	ERCOT North \$22.36	CAISO SP15 \$21.59
NYMEX NG	Close	Change
Mar-17	2.592	0.028
Apr-17	2.701	0.010
12 Month	2.950	-0.005
Bal 17	2.890	-0.003
Cal 18	2.916	0.000

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,445	2,559	2,748	2,358
Diff v. Current		-114	-303	87
% Diff			-11.0%	3.7%

