

Early Morning Update:

The Apr17 natural gas contract is trading up \$.02 to \$2.82. The Apr17 crude contract is down \$0.24 at \$52.85.

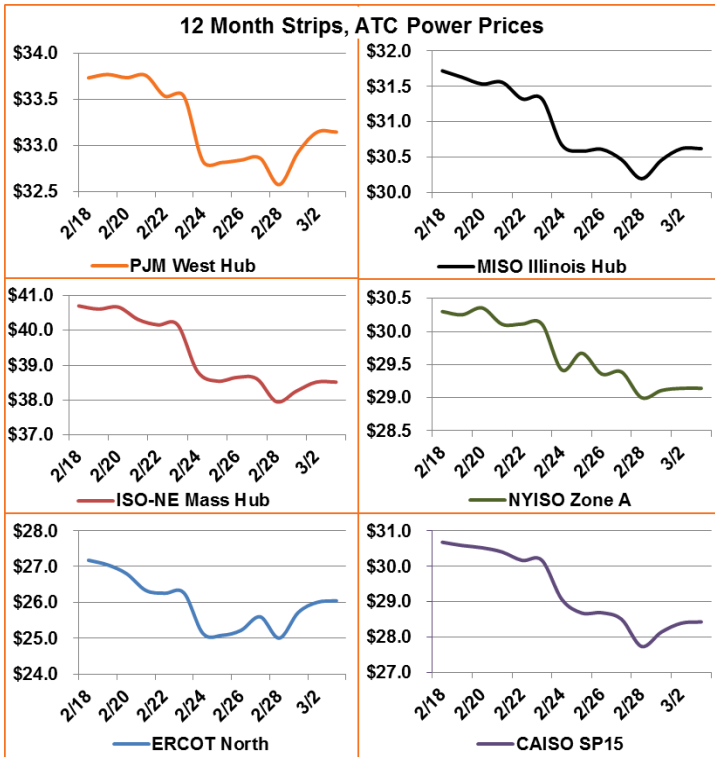
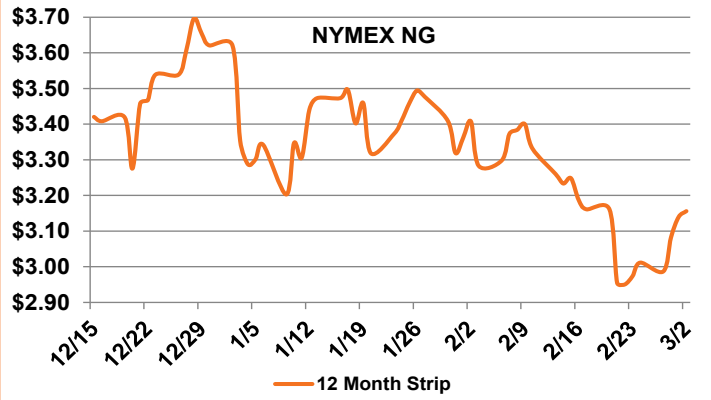
Summary: After a somewhat surprising 7 Bcf injection into storage, the market saw a relatively quiet day, ultimately finishing up \$.005 to close at \$2.804. End-of-season storage projections have been updated to reflect mild weather conditions and now are over 2.1 Tcf. This is a huge change from earlier in the year when estimates called for end-of-season levels near 1.6 Tcf. The high storage levels mask a relative tightness in the market due to stagnant NG production levels. The very low heating-related demand has made up for weak production to keep storage high, but if demand ever picks up, the storage levels will fall below historic levels because production has been so slow to grow. As it stands now, early estimates for end-of-summer storage levels call for 3.6-3.7 Tcf, below last year and the 5-year average.

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



Next Day On-Peak Power (traded for 3/3/2017)

ISO-NE Mass Hub \$34.25	MISO Indiana Hub \$33.72	NYISO Zone G \$22.81
PJM West Hub \$34.03	ERCOT North \$21.00	CAISO SP15 \$18.50
NYMEX NG		
	Close	Change
Apr-17	2.804	0.005
May-17	2.914	0.005
12 Month	3.156	0.016
Bal 17	3.081	0.015
Cal 18	3.010	0.020

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,363	2,356	2,550	2,068
Diff v. Current		7	-187	295
% Diff			-7.3%	14.3%

