

**Early Morning Update:**

The May17 natural gas contract is flat at \$3.15. The May17 crude contract is also flat at \$50.71. What are the chances?

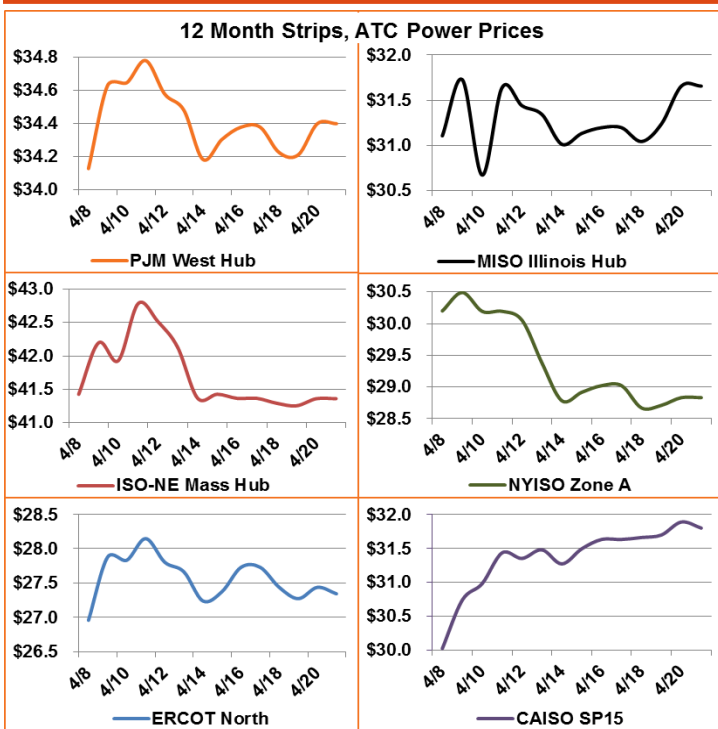
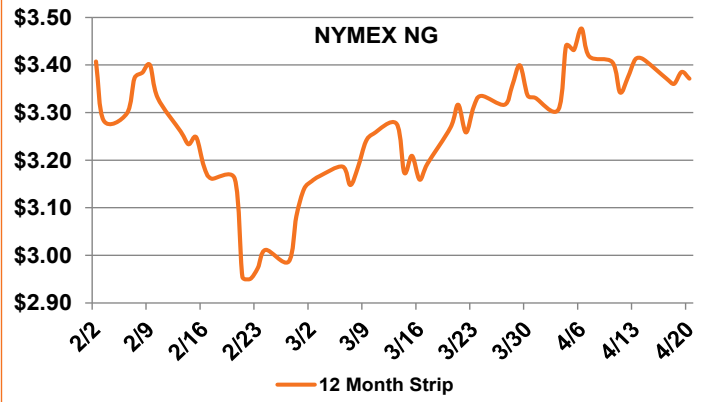
**Summary:** The market slid slightly yesterday, closing down \$.026 to finish the day at \$3.159. The EIA reported a build into storage which was slightly higher than expectations at 54 bcf. This leaves storage at 2.115 Tcf, far below last years' level but ahead of the 5-year average. The US is still seeing lower supply, currently hovering near 70 Bcf/d, but demand is down as well. Mild weather and strong nuclear and wind generation have kept power burns in check, with demand there down nearly 3 Bcf/d vs last year. Demand has the potential to increase as weather forecasts are trending above-average and cooling demand looks set to move higher. Meanwhile, longer term gas and power prices continue to creep slightly higher. There have been no sudden increases, but it's been a steady move up. Cal '19 NYMEX has increased \$.05 over the past week and Cal '20 is up \$.07 for the same time. Concerns about lagging NG production and potential increases in demand are leading the way on the increase.

**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



**Next Day On-Peak Power (traded for 4/21/2017)**

<b>ISO-NE Mass Hub</b> \$29.34	<b>MISO Indiana Hub</b> \$34.00	<b>NYISO Zone G</b> \$29.11
<b>PJM West Hub</b> \$35.76	<b>ERCOT North</b> \$24.75	<b>CAISO SP15</b> \$35.02
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
May-17	3.159	-0.026
Jun-17	3.250	-0.026
12 Month	3.371	-0.014
Bal 17	3.347	-0.021
Cal 18	3.121	0.014

**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>	2,115	2,061	2,483	1,833
<b>Diff v. Current</b>		54	-368	282
<b>% Diff</b>			-14.8%	15.4%

