

Early Morning Update:

The Jun17 natural gas contract is trading flat to yesterday's settle at \$3.23. The Jun17 crude contract is down \$0.87 at \$46.95.

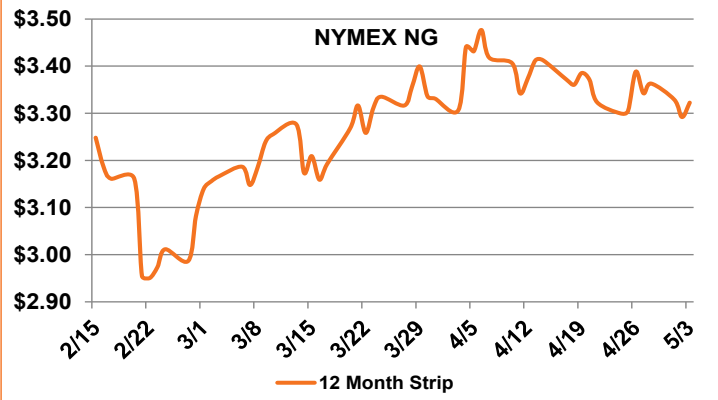
Summary: Trading on Wednesday was supported by the possibility of increased heating demand in the Northeast and Northwest over the next two weeks. Demand for natural gas could also be exacerbated by above-normal temperatures in the South along the Gulf Coast and the central portion of the country, which could induce additional cooling demand and limit storage-building in the upcoming weeks. The Jun17 NYMEX contract finished the day up 3.3 cents at \$3.228/MMBtu. Market estimates for the increase in storage inventories for the week to April 28 range from 54 to 62 Bcf. At consensus, a 58 Bcf build would come in below last week, as well as the five-year average and last year's injection for the same week, which posted 74, 63, and 68 Bcf injections, respectively. The latest build brought the total U.S. working gas supply to 2,189 Bcf, some 358 Bcf below the level seen last year at this time, and 299 Bcf above the five-year average storage level of 1,890 Bcf.

Bullish Factors

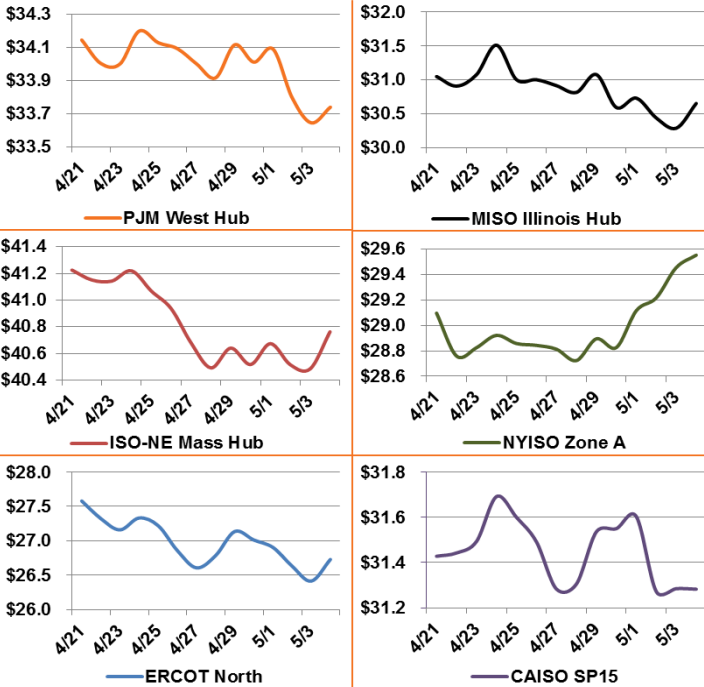
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

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 5/4/2017)

ISO-NE Mass Hub \$32.48	MISO Indiana Hub \$33.63	NYISO Zone G \$32.68
PJM West Hub \$30.89	ERCOT North \$22.00	CAISO SP15 \$41.62
NYMEX NG	Close	Change
Jun-17	3.228	0.033
Jul-17	3.309	0.035
12 Month	3.323	0.031
Cal 18	3.092	0.018
Cal 19	2.878	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,189	2,115	2,547	1,890
Diff v. Current		74	-358	299
% Diff			-14.1%	15.8%

