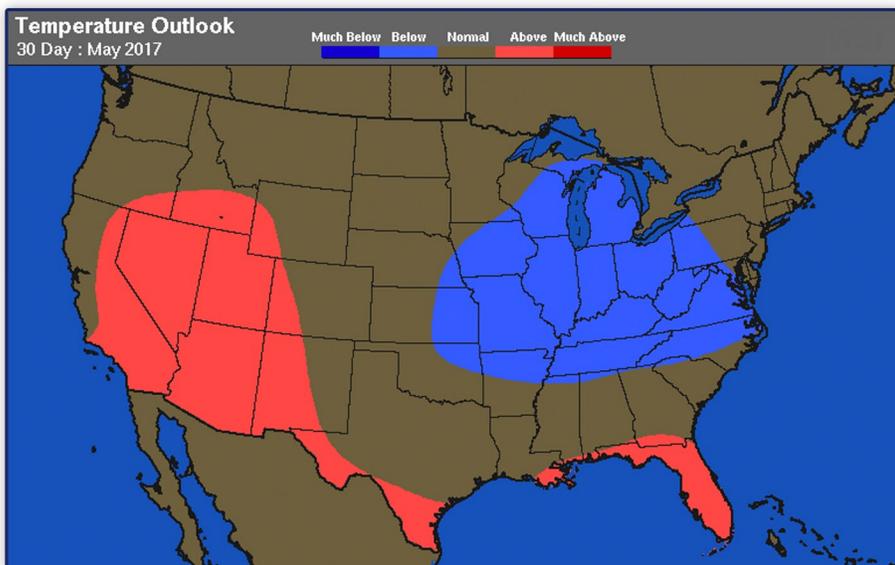


Market Summary

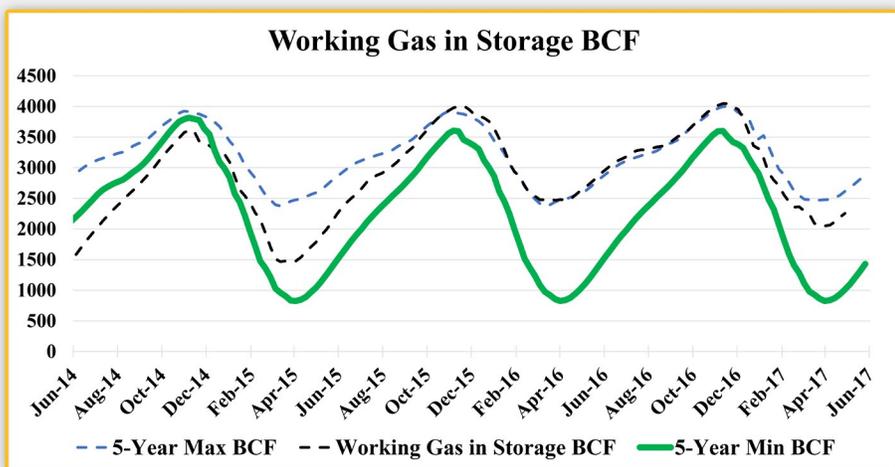
May's mild summer forecast and increased production are squelching April's short-term price hike. Nevertheless, decreased natural gas stocks are keeping upward pressure on prices.

Weather



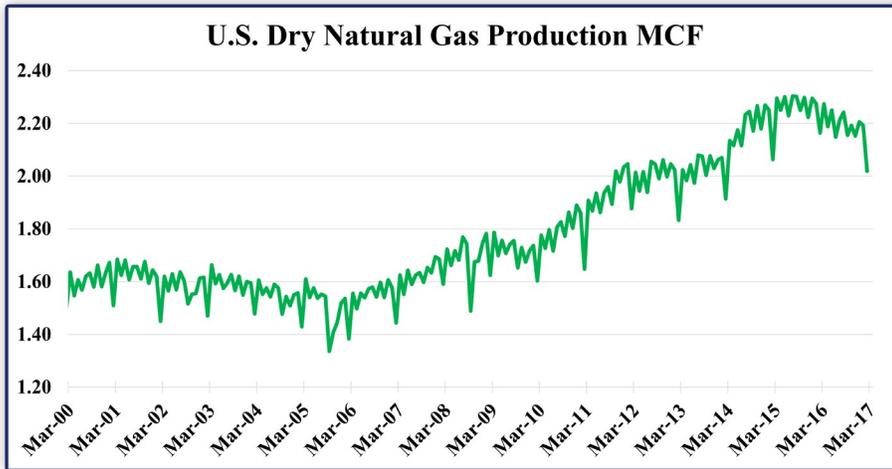
- Late April saw three-week price highs in response to a tighter balance between forecasted supply and demand for summer.
- Demonstrating typical weather volatility, early May prices dropped as weather forecasts called for milder summer than previously assumed above.

Storage



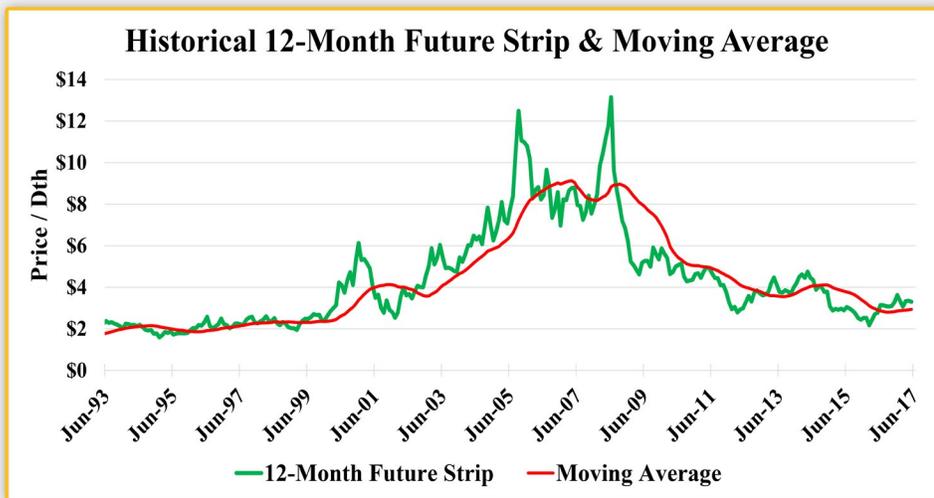
- Early April saw prices hit a two-month high as storage injections were smaller than forecasted.
- Working natural gas stocks are 2,256 Bcf, which is 14% lower than the year-ago level and 16% higher than the five-year average.

Production



- Early April rig count rose 3.2% week over week, marking the highest rig count level since December 31, 2015. Since gas prices increased 59% in 2016, producers are trying to take advantage with added production.
- Mid-April continued the trend of rig increases as the count hit a 16-month high.

Pricing



Bidweek

Month	SCG	NYMEX
Oct.	\$2.95	\$2.952
Nov.	\$2.88	\$2.764
Dec.	\$3.63	\$3.232

Jan.	\$3.92	\$3.930
Feb.	\$3.53	\$3.391
Mar.	\$2.70	\$2.627
Apr.	\$3.04	\$3.175
May	\$3.06	\$3.142

Prices per Mmbtu.

Noteworthy

- Aliso Canyon storage facility saga continues as recent LA County study finds that withdrawals are unnecessary in the short term. The wells also contain enough gas in case of emergency, so injecting them with more product is unnecessary. All while SoCalGas and some state studies fear rolling blackouts and no heat for upcoming summer and winter seasons. Will continue to be talking point for near future.
- Mexico continues growing import trend, taking about 4.1 Bcf/d with expansion by nearly 50% to 11 Bcf/d by summer. Rising trend to continue to 15 Bcf/d by end of 2018. Additionally, Mexico also takes the bulk of current LNG exports from the lone domestic LNG terminal (Sabine Pass in Gulf).
- U.S. continues to dominate the global LNG market with more than 2 Bfc/d exporting and 5 additional export terminals expected by 2020. Potential to export 10-12 Bcf/d of LNG or about 15-17% of total current gas demand. This comes after exporting 0 as recent as January 2016.
- Poland signed first deal to purchase LNG from US – helping cut its dependence on Russian gas.