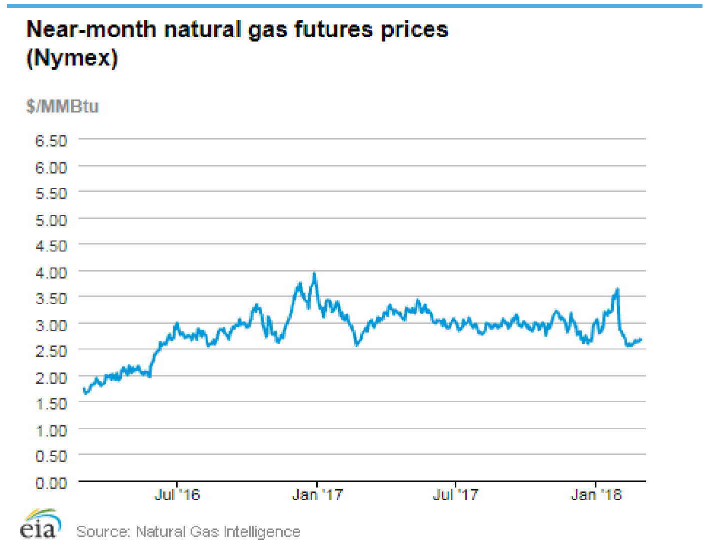
BOX BROKER ONLINE EXCHANGE

Tuesday, March 6, 2018

GENERAL UPDATE

- The NYMEX Henry Hub forward contract for April 2018 delivery rose $0.03/MMBtu, roughly 1%, to close the week at $2.69/MMBtu. Physical basis spot prices were generally lower on warming temperatures.
- At the Chicago Citygate prices fell $0.17 to $2.40/MMBtu. Prices at PG&E Citygate dropped $0.57 to $2.77/MMBtu. SoCal Citygate prices lost $16.36 to $2.56/MMBtu as temperatures returned to a more normal pattern.
- At the Algonquin Citygate prices declined $0.62 to $2.32/MMBtu. At the Transco Zone 6 point prices fell $0.01 to $2.70/MMBtu yesterday. Tennessee Zone 4 Marcellus rose $0.02 to $1.98/MMBtu. Prices at Dominion South fell $0.07 to $2.10/MMBtu.

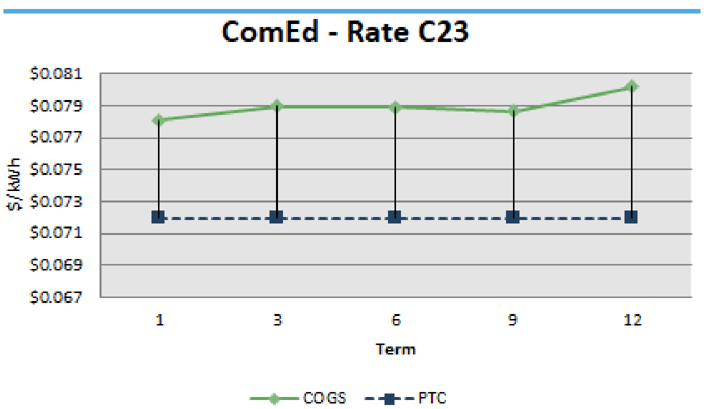


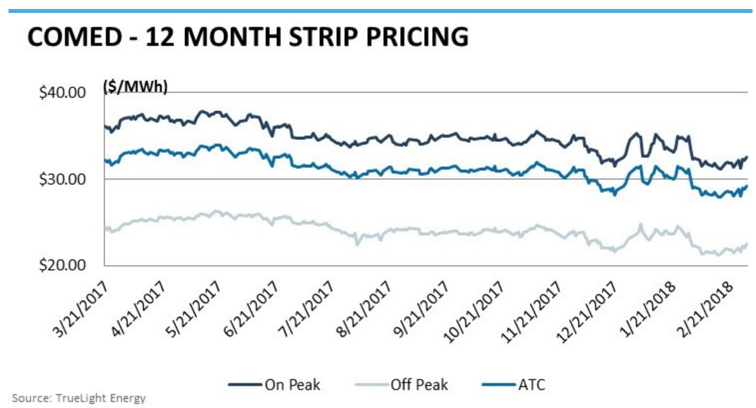
POWER

- The rolling 12-month ATC curve in the NEMASS load zone rose $2.40/MWh. The 24-month curve added $1.10 and the calendar 2019 curve was unchanged. In New York's Zone J the 12-month ATC curve rose $1.80/MWh; the 24-month strip added $1.00, and the calendar 2019 curve rose $0.30/MWh.
- In ERCOT's Houston load zone the 12-month ATC strip traded $2.10 higher; the 24-month curve increased $1.90, while the calendar 2019 term added $1.80/MWh.
- In major PJM Eastern load zones, 12-month ATC strips rose roughly $1.80/MWh. 24-month strips added $0.90, and calendar 2019 curves increased $0.05/MWh. In the COMED load zone the 12-month ATC strip rose $0.90/MWh; the 24-month term added $0.50, while the calendar 2019 strip was unchanged.

UTILITY HIGHLIGHT

PJM › IL › COMED





- The current Price to Compare (PTC) for Illinois Commonwealth Edison (COMED) Residential Non-Heating Service rate class is $0.06898/kWh for this month's price period, starting March 1st, 2018. This is an approximate 7.8% decrease from the previous PTC of $0.07485/kWh for the previous month's period, starting February 1st, 2018. Headroom is unlikely at the 1, 3, 6, 9, and 12 month terms.
- The rolling 12-month ATC curve in PJM's COMED load zone rose $1.16/MWh, roughly 4%, to close the week at $29.23/MWh. The curve is back in positive territory for the last 30 days (up .6%) but remains in negative territory for 2018 (down 5%).

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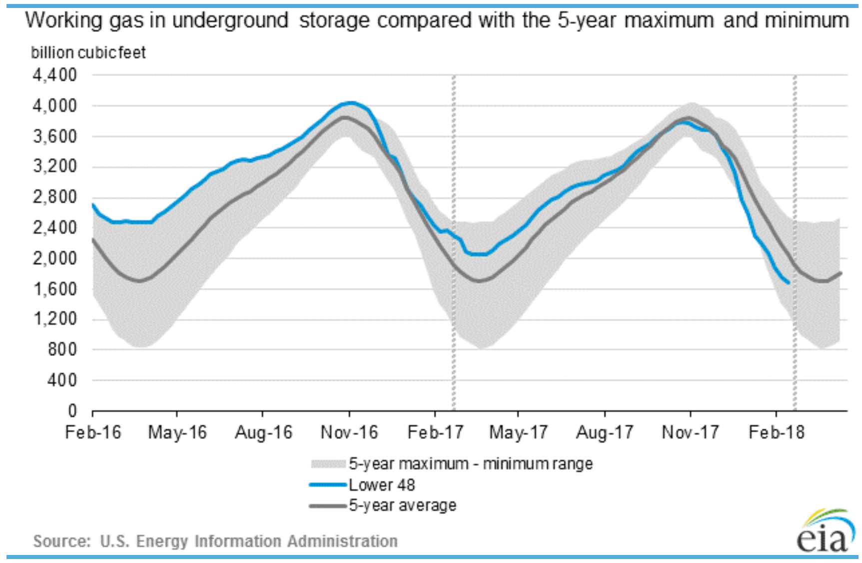
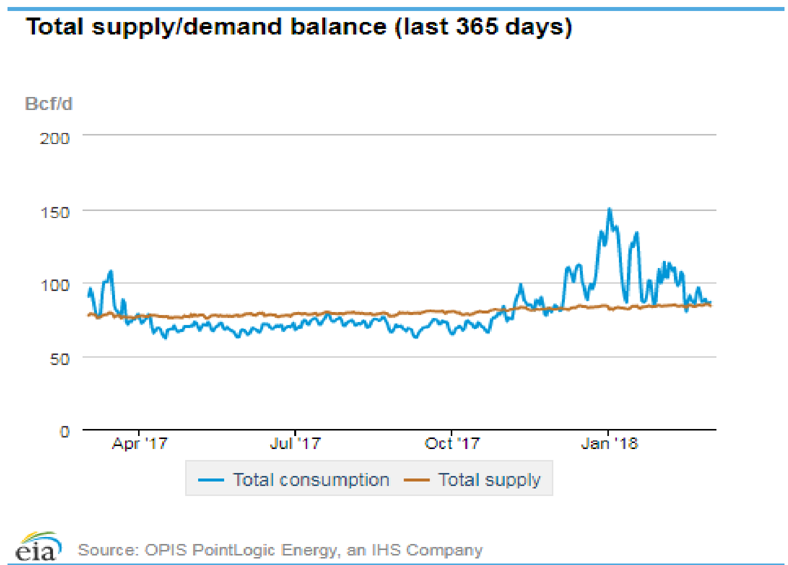
NATURAL GAS

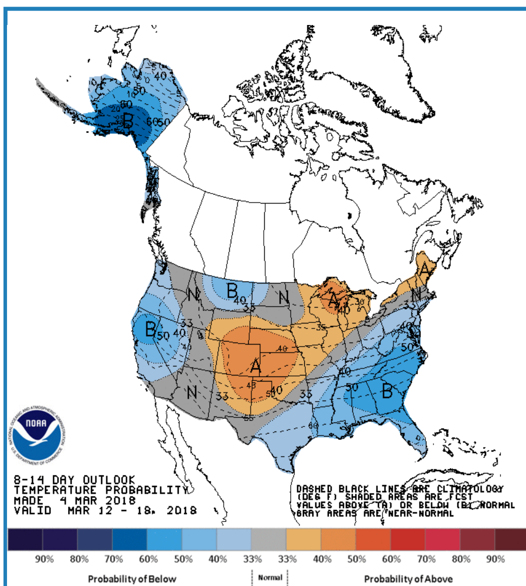


- The EIA reported that net withdrawals from natural gas storage totaled -78 Bcf for the week ending February 23, 2018. The report was bearish compared with the 5-year average of -118 Bcf and last week's report of -124 Bcf, but bullish relative to last year's withdrawal of -7 Bcf during the same week. Estimates of the weekly net change in working natural gas storage ranged from -61 to -86 Bcf, with a median of -76 Bcf.
- Working gas stocks fell to 1,682 Bcf, 372 Bcf less than the 5-year average and 680 Bcf less than last year at this time. Gas stocks are currently below prior year levels in all regions in the Lower 48 states, and are now just 377 Bcf above the 5-year minimum. If withdrawals match the 5-year average for the remainder of the withdrawal season, inventories will total 1,330 Bcf by March 31, 2018, 22% below the 5-year average. This would be the second-lowest reported level since 2010.

SUPPLY & DEMAND



- The EIA reported that the average total supply of natural gas rose by 1% compared with the previous report week. Dry gas production rose 1%, while Canadian imports increased 4% from the prior week.
- Total consumption of natural gas was unchanged from the previous week, averaging about 75 Bcf/day. Power burn demand rose 4% while industrial consumption held steady at roughly 22 Bcf/day. Residential and commercial consumption fell 2%. Mexican exports rose 1%.
- LNG exports rose for the week. Five vessels with about 17.5 Bcf departed the Sabine Pass facility last week.



http://www.cpc.ncep.noaa.gov/products/predictions/814day/814temp.new.gif

WEATHER

- Temperatures in the Lower 48 states averaged 44°F, 6° higher than normal, 5° lower than last year at this time, and 5° higher than the prior week.
- With the Atlantic based Nor'easter behind us, the focus shifts to the Upper Plains, where a new winter storm will hit the Dakotas and Minnesota. The Northeast is also on watch for some winter weather. The Pacific Northwest should be relatively quiet, while the balance of the Midwest should trend normal to moderately above normal.
- In the 8-14 day window we will see a strong upper low system move into the West bringing above average shower activity. As the low moves from West to East it pushes warmer air ahead of it, expanding in strength and scope. Temperature anomalies versus normal will be strong and continue to expand as we get further into March.