

**Early Morning Update:**

The Feb18 natural gas contract is trading down \$0.04 at \$3.02. The Feb18 crude contract is up \$0.58 at \$60.95.

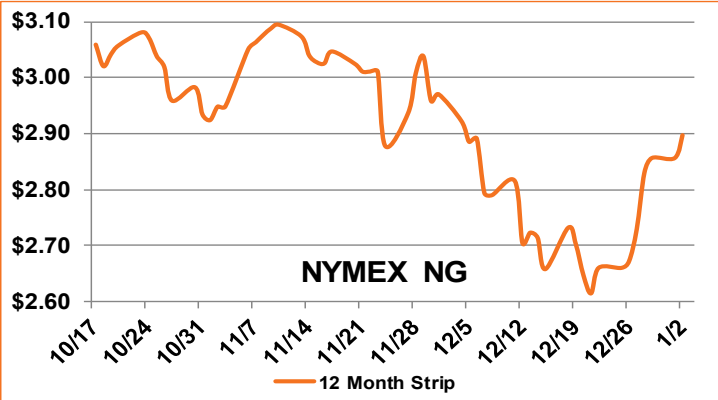
**Summary:** The new year did nothing to stop the NYMEX NG rally, as the February 2018 contract gained 10.3 cents yesterday, the first day of trading in the new year. Freezing temperatures bringing record-setting demand and lower production supply, below 73 Bcf/d due to well freeze-offs, have enabled the February contract to gain 46 cents (18%) since Dec 21, the lowest February 2018 settlement date. A developing Nor'easter is taking shape and expected to track off the Mid-Atlantic tonight, and off of the New England coast late tomorrow, which could bring a couple feet of snow to parts of the Northeast and the potential for power outages and depressed demand. However, with relief from extreme temperatures in the Northeast not expected until possibly next week, natural gas demand is forecast to remain above 120 Bcf/d into this weekend. A promising sign for future production growth, FERC granted certificate approval to Mountaineer Xpress, a 170-mile, 2.7 Bcf/d pipeline project in West Virginia. Target completion is late 2018. Once in service, Mountaineer Xpress will be the second largest natural gas expansion project in the Northeast, just 500 MMcf/d shy of Rover Pipeline's 3.25 Bcf/d. The latest "Short-Term Energy Outlook" from the EIA predicts 2018 natural gas production to average 6.1 Bcf/d higher than 2017.

**Bullish Factors**

- Arctic temperatures
- LNG exports ramping up
- Exports to Mexico at all-time high

**Bearish Factors**

- NG production at record levels
- Growing renewable energy generation
- Increased NG pipeline capacity



**Next Day On-Peak Power (traded for 1/3/2018)**

ISO-NE Mass Hub \$170.00	MISO Indiana Hub \$72.35	NYISO Zone G \$176.00
PJM West Hub \$144.97	ERCOT North \$62.65	CAISO SP15 \$53.92
<b>NYMEX NG</b>		<b>Close</b>
Feb-18		3.056
Mar-18		2.973
12 Month		2.897
Cal 19		2.816
Cal 20		2.808
		<b>Change</b>
Feb-18		0.103
Mar-18		0.067
12 Month		0.041
Cal 19		0.003
Cal 20		-0.008

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,332	3,444	3,394	3,417
Diff v. Current		-112	-62	-85
% Diff			-1.8%	-2.5%

