

Early Morning Update:

The Feb18 natural gas contract is trading up \$0.03 at \$2.82. The Feb18 crude contract is up \$0.23 at \$61.67.

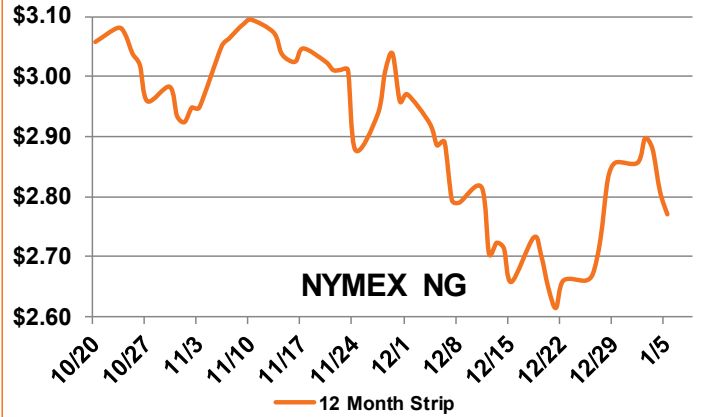
Summary: Despite the extremely cold temperatures across most of the country last week, NYMEX NG prices actually fell last week. Even more strange was that NG production also fell last week due to wellhead freeze-offs (although that should just be temporary). As the NYMEX fell though, short-term gas and power in many northeast locations continued to see some of the highest prices since the polar vortex, as demand for NG reached extremely high levels. The high demand for NG coupled with lower production has led to the highest ever forecasts for a NG draw for this weeks' storage report. Estimates are calling for a draw of 335 Bcf, which would set an all-time record. Early estimates for next week call for a draw of about 200 Bcf, and these two draws are leading to lower end-of-winter storage estimates of roughly 1.3 Tcf.

Bullish Factors

- Low expected storage levels
- 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 1/8/2018)

ISO-NE Mass Hub \$149.08	MISO Indiana Hub \$41.67	NYISO Zone G \$114.33
PJM West Hub \$79.43	ERCOT North \$25.67	CAISO SP15 \$37.26
NYMEX NG	Close	Change
Feb-18	2.795	-0.085
Mar-18	2.745	-0.068
12 Month	2.770	-0.039
Cal 19	2.760	-0.016
Cal 20	2.785	-0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,126	3,332	3,318	3,318
Diff v. Current		-206	-192	-192
% Diff			-5.8%	-5.8%

