

Early Morning Update:

The Feb18 natural gas contract is trading up \$0.02 at \$2.94. The Feb18 crude contract is up \$0.47 at \$63.43.

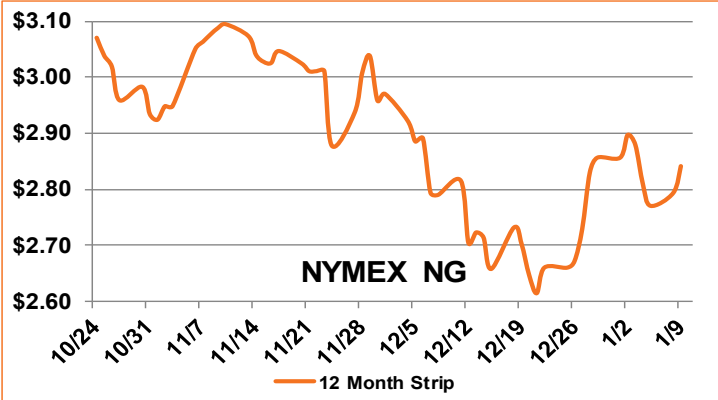
Summary: Despite warmer changes to the National Weather Service's 6-10 and 8-14 outlooks, the NYMEX natural gas prompt month contract gained another 8.8 cents yesterday, settling at \$2.923/MMBtu. While temperatures have begun to moderate across the East Coast, this week's storage report will reflect the record setting NG demand levels of late December and early January, and is projected to be larger than the largest withdrawals reported during the polar vortexes. On Monday, the FERC unanimously denied the Department of Energy's controversial Proposed Rule on Grid Reliability and Resilience Pricing (NOPR). Without financial support, early retirement of coal and nuclear power plants could be down the line, thus likely raising demand for natural gas. However, since Monday's news, 2019-2024 natural gas calendar strips have had minimal movement, which might be explained by an expectation of enough domestic natural gas supply to support further demand increases.

Bullish Factors

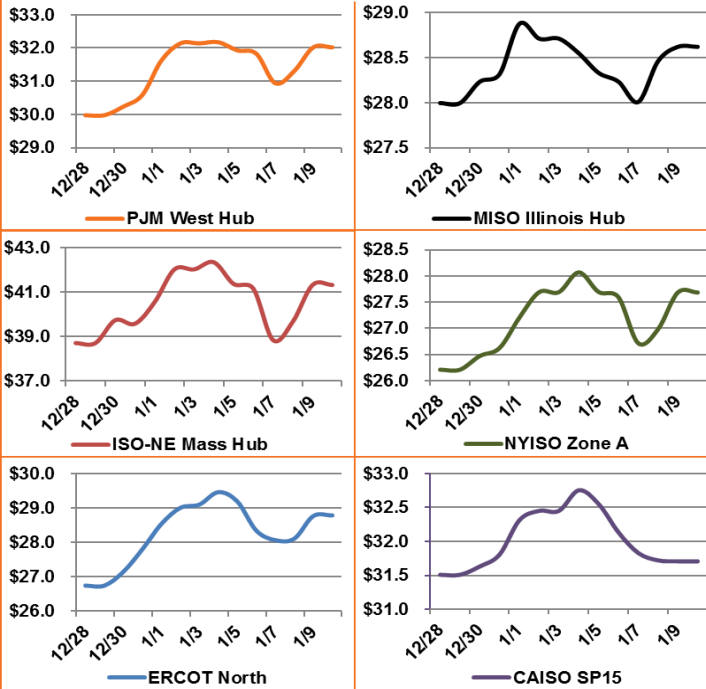
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

Bearish Factors

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



12 Month Strips, ATC Power Prices

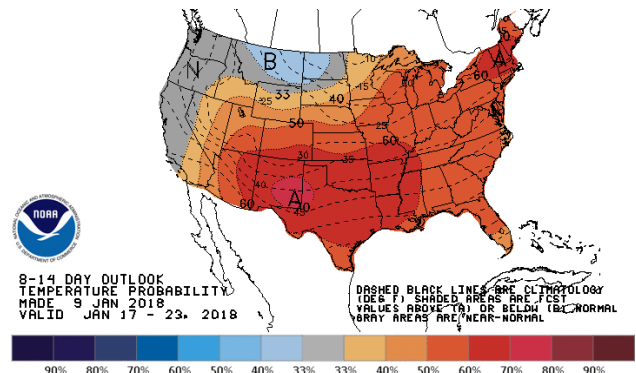
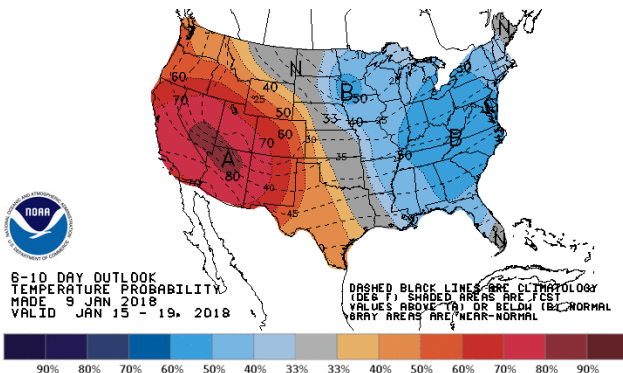


Next Day On-Peak Power (traded for 1/10/2018)

ISO-NE Mass Hub \$89.25	MISO Indiana Hub \$32.50	NYISO Zone G n/a
PJM West Hub \$37.52	ERCOT North n/a	CAISO SP15 \$33.66
NYMEX NG	Close	Change
Feb-18	2.923	0.088
Mar-18	2.852	0.080
12 Month	2.841	0.048
Cal 19	2.800	0.024
Cal 20	2.801	0.002

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%



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