

**Early Morning Update:**

The Feb18 natural gas contract is trading up \$0.06 at \$3.14. The Feb18 crude contract is down \$0.34 at \$63.46.

**Summary:** Yesterday, the EIA reported the largest withdrawal from storage on record, -359 Bcf. The massive draw was a result of extremely high demand due to arctic temperatures and lower production due to wellhead freeze-offs. The higher demand and lower supply forced storage down to 2,767, well below last year and the 5-year average. The end-of-winter storage estimate is currently forecasted at 1.3 Tcf, the lowest in several years. Because of the large reported draw, the prompt NG contract finished up sharply yesterday, gaining \$.178 to close above \$3, at \$3.084.

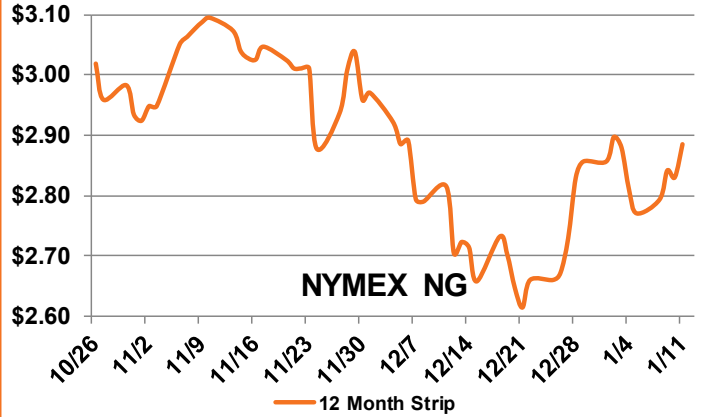
Weather forecasts for the next week look to be cold again on the east coast (although not as frigid as last week), but then another warm-up is forecasted for the following week.

**Bullish Factors**

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

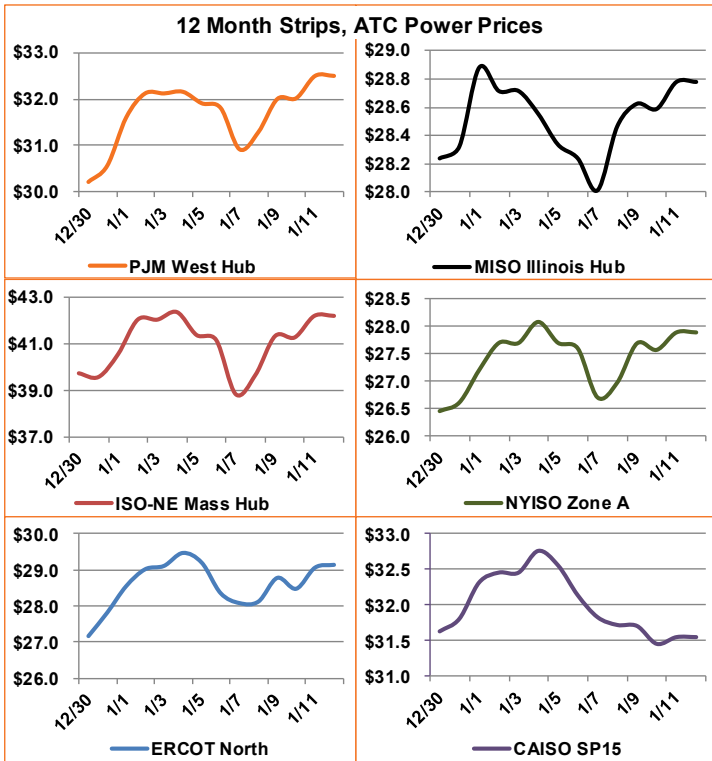
**Bearish Factors**

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



**Next Day On-Peak Power (traded for 1/12/2018)**

<b>ISO-NE Mass Hub</b> \$35.61	<b>MISO Indiana Hub</b> \$36.62	<b>NYISO Zone G</b> \$40.00
<b>PJM West Hub</b> \$29.93	<b>ERCOT North</b> \$34.00	<b>CAISO SP15</b> \$32.00
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
<b>Feb-18</b>	3.084	0.178
<b>Mar-18</b>	2.925	0.103
<b>12 Month</b>	2.885	0.055
<b>Cal 19</b>	2.809	0.007
<b>Cal 20</b>	2.820	0.003



**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	2,767	3,126	3,182	3,150
<b>Diff v. Current</b>		-359	-415	-383
<b>% Diff</b>			-13.0%	-12.2%

