

Early Morning Update:

The Feb18 natural gas contract is trading down \$0.08 at \$3.12. The Feb18 crude contract is flat at \$64.30.

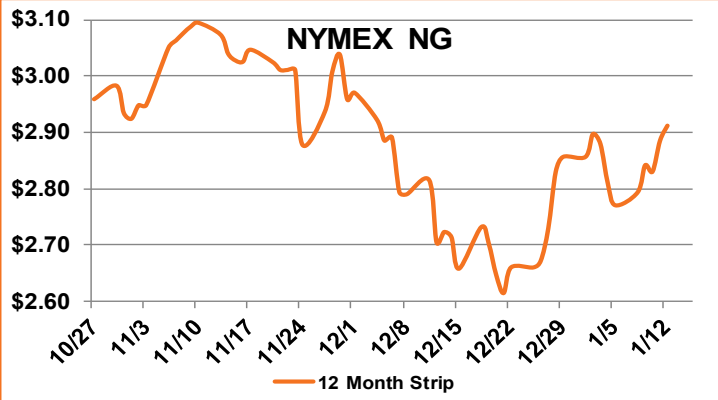
Summary: Friday, the NYMEX natural gas futures price for February surged higher, among mixed fundamentals, up 11.6 cents to settle at \$3.200/MMBtu. During the day, the price increased to \$3.224/MMBtu, a three-month high, and ultimately ended the week up 40.5 cents. Weather forecasts have moderated for the end of January, however, the most recent blast of cold for the eastern half of the country has kept heating demand for natural gas elevated, and is helping to support higher prices for the next couple of months. According to the EIA, if the remaining withdrawals from storage fall in line with historical levels, then the end-of-season inventory levels are estimated to total 1.32 Tcf. Expectations began to dwindle at the very end of December, just before the arctic blast that began this year, and have fallen from the 1.5 Tcf level prior to that. Managed Money has recently switched their position to a net long, adding to the upward pressure on prices. Now that the frigid temperatures have moderated slightly, well freeze-offs have subsided, and production levels are inching closer to the record levels we saw in December, averaging around 76 Bcf/d.

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 1/15/2018)

ISO-NE Mass Hub \$126.38	MISO Indiana Hub \$47.00	NYISO Zone G \$103.14
PJM West Hub \$107.22	ERCOT North \$27.88	CAISO SP15 \$37.95
NYMEX NG	Close	Change
Feb-18	3.200	0.116
Mar-18	2.993	0.068
12 Month	2.912	0.027
Cal 19	2.811	0.003
Cal 20	2.820	0.000

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,767	3,126	3,182	3,149
Diff v. Current		-359	-415	-382
% Diff			-13.0%	-12.1%

