

Early Morning Update:

The Feb18 natural gas contract is trading down \$0.01 at \$3.17. The Feb18 crude contract is down \$0.91 at \$63.04.

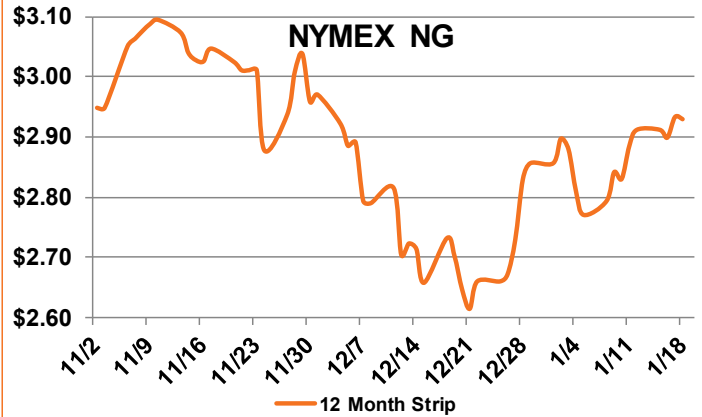
Summary: Yesterday the EIA reported a slightly lower than expected draw from storage of 183 Bcf. The prompt NG contract took that opportunity to sell off a few cents and ultimately finished lower by \$.043. The main story now continues to be weather with forecasts showing a possible end to the very cold temperatures that have been blanketing the east coast. Warmer than average temperatures are now forecast for the east coast for the balance of January and into early February. Index pricing has relaxed a bit as the cold moves through and the potential exists for 'normal' prices for the rest of the month. The cold snap that had affected ERCOT also seems to be moving out. Cold temperatures had cause extremely high demand and prices this week in Texas. With parts of ERCOT actually being winter peaking (surprising, I know), very cold temperatures only exacerbated the high demand.

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 1/19/2018)

ISO-NE Mass Hub \$73.95	MISO Indiana Hub \$34.16	NYISO Zone G \$57.98
PJM West Hub \$39.14	ERCOT North \$31.00	CAISO SP15 \$31.25
NYMEX NG	Close	Change
Feb-18	3.189	-0.043
Mar-18	2.988	-0.036
12 Month	2.930	-0.004
Cal 19	2.815	0.001
Cal 20	2.803	-0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,584	2,767	2,951	2,946
Diff v. Current		-183	-367	-362
% Diff			-12.4%	-12.3%

