

**Early Morning Update:**

The Feb18 natural gas contract is trading up \$0.14 at \$3.36. The Feb18 crude contract is up \$0.58 at \$64.15.

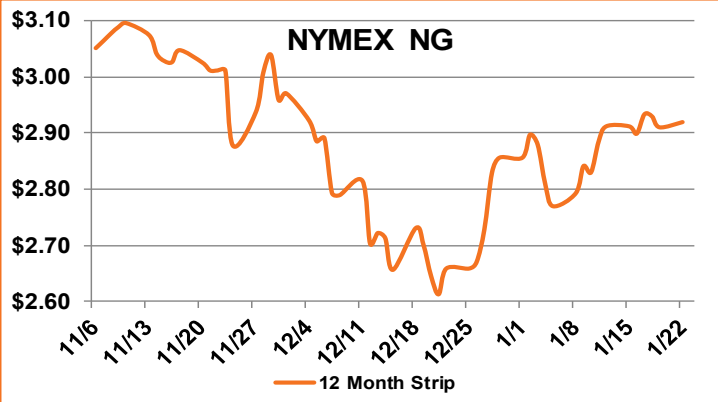
**Summary:** February 2018 gas gained nearly four cents on Monday, as weather forecasts have taken a colder turn for the beginning of next month. The prompt month rose 3.9 cents to \$3.224, the 12-month strip gained less than a cent to \$2.92, and 2019 & 2020 rose 1-2 cents. The first week in February is showing a strong cold front coming through the Midwest and pushing to the East Coast, enveloping much of the high gas-consuming areas of the country. This is expected to bring temperatures slightly to moderately below normal. Demand is already averaging about 15 Bcf/d higher year-to-date in comparison to 2017, pushed higher from a plethora of residential demand and elevated power burns during the first week of the year. Production is, fortunately, expected to recover from well freeze-offs and resume its climb toward 78 Bcf/d, but even these record numbers only cut the supply/demand deficit in half. Strong withdrawals look to continue at least for this week, but should calm with the more mild January weather prior to February's colder downturn.

**Bullish Factors**

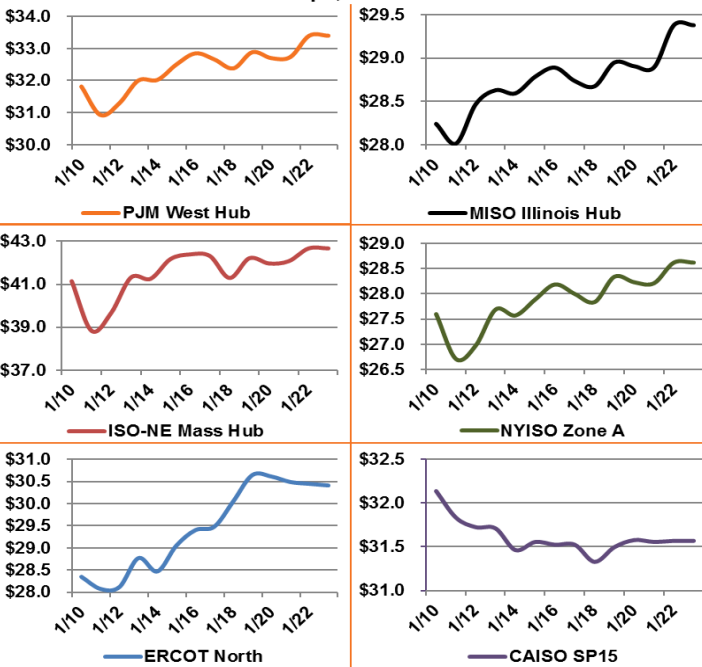
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

**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 1/23/2018)**

<b>ISO-NE Mass Hub</b> \$35.22	<b>MISO Indiana Hub</b> \$30.00	<b>NYISO Zone G</b> \$39.50
<b>PJM West Hub</b> \$26.50	<b>ERCOT North</b> \$27.38	<b>CAISO SP15</b> \$36.74
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-18	3.224	0.039
Mar-18	2.931	-0.010
12 Month	2.920	0.009
Cal 19	2.816	0.016
Cal 20	2.817	0.020

**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>	2,584	2,767	2,952	2,946
<b>Diff v. Current</b>		-183	-368	-362
<b>% Diff</b>			-12.5%	-12.3%

