

Early Morning Update:

The Feb18 natural gas contract is trading down \$0.12 at \$3.39. The Mar18 crude contract is down \$0.70 at \$65.44.

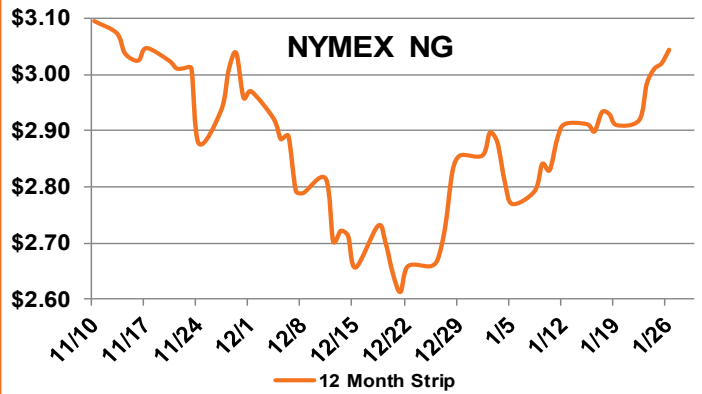
Summary: On Friday, the NYMEX natural gas futures price for February surged higher, up 5.8 cents on the day to settle at \$3.505/MMBtu. February expires at the close of business today, as March makes its debut as the prompt month tomorrow. The market did not seem to react much to the warmer temperatures we saw last week, or to the dip in total natural gas consumption of around 19% for the week. The 6-10 and 11-15 day weather forecasts show colder-than-normal temperatures for the majority of the major demand centers in the U.S. Prices continued to see upward pressure throughout the week due to, yet, another bulky storage withdrawal for the week ending Jan. 19, along with current inventory levels that are already lagging, both, last year and the 5-year average historical benchmarks. The EIA projects that the end of this titular withdrawal season will be around 1.22 Tcf if the outstanding withdrawals for this season match the 5YA. Production continues to inch higher, averaging 77.3 Bcf/d over the weekend. January is on track to be the highest natural gas producing month for the lower 48 region.

Bullish Factors

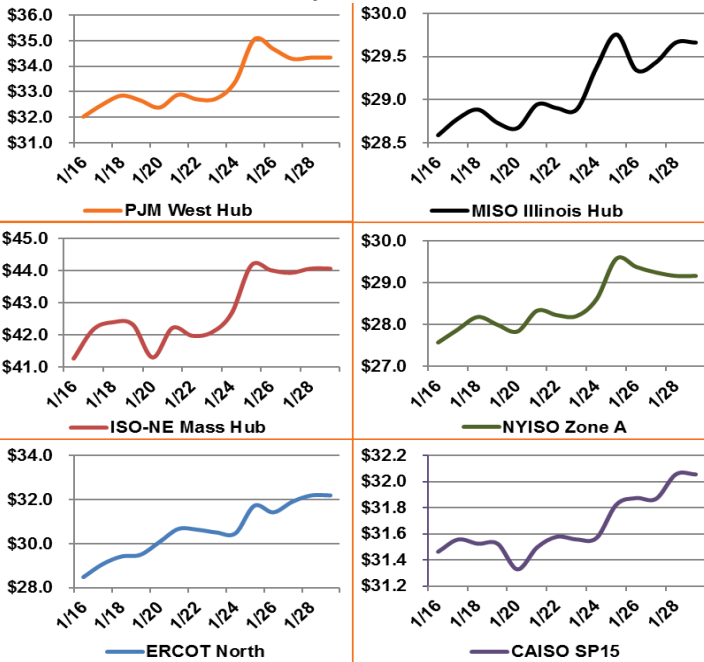
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

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 1/29/2018)

ISO-NE Mass Hub \$57.92	MISO Indiana Hub \$33.15	NYISO Zone G \$42.50
PJM West Hub \$38.66	ERCOT North \$25.13 <i>1/26/18</i>	CAISO SP15 \$37.02
NYMEX NG		
	Close	Change
Feb-18	3.505	0.058
Mar-18	3.175	0.076
12 Month	3.045	0.024
Cal 19	2.821	-0.003
Cal 20	2.794	-0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,296	2,584	2,815	2,782
Diff v. Current		-288	-519	-486
% Diff			-18.4%	-17.5%

