

Early Morning Update:

The Mar18 natural gas contract is trading up \$0.07 at \$3.24. The Mar18 crude contract is down \$0.56 at \$65.00.

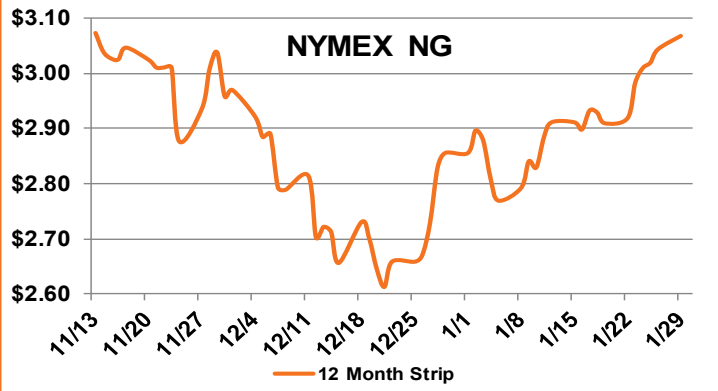
Summary: On its final day of trading, the February contract swelled 12.6 cents to close at \$3.631/MMBtu. This is the prompt month's highest trading point in 13 months, and nearly all recent market movement has been isolated to the front month. The 12-month strip rose 2.5 cents to \$3.07, calendar 2019 gained just one cent to \$2.83, and 2020 moved less than a cent to \$2.80. Settling of market positions prior to the month settle likely fueled much of yesterday's movement, but fundamental changes on the horizon may have also played a part. Nationwide demand year-to-date is already up nearly 10% compared to 2017, and the next two weeks look to average 96.3 Bcf/d of demand, driven by expected increases in the Northeast due to moderately colder-than-normal temperatures stretching halfway into February. Even as production hit a new all-time high yesterday of 78.3 Bcf/d, the storage deficit to the five-year average has climbed in recent weeks to over 17%.

Bullish Factors

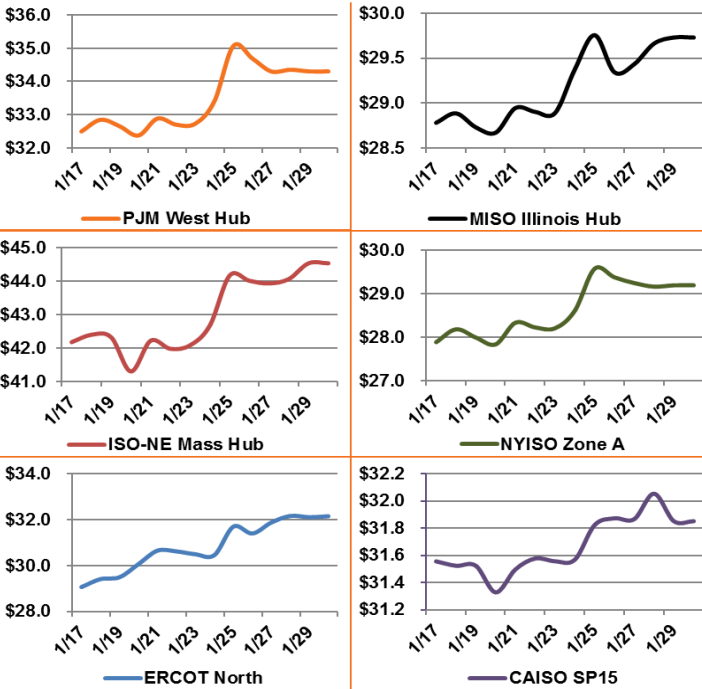
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

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 1/30/2018)

ISO-NE Mass Hub \$112.19	MISO Indiana Hub \$36.00	NYISO Zone G \$50.42
PJM West Hub \$45.42	ERCOT North \$26.00	CAISO SP15 \$33.75
NYMEX NG	Close	Change
Feb-18	3.631	0.126
Mar-18	3.167	-0.008
12 Month	3.069	0.024
Cal 19	2.833	0.012
Cal 20	2.804	0.010

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%

