

Early Morning Update:

The Mar18 natural gas contract is trading down \$0.13 at \$3.07. The Mar18 crude contract is down \$0.20 at \$64.30.

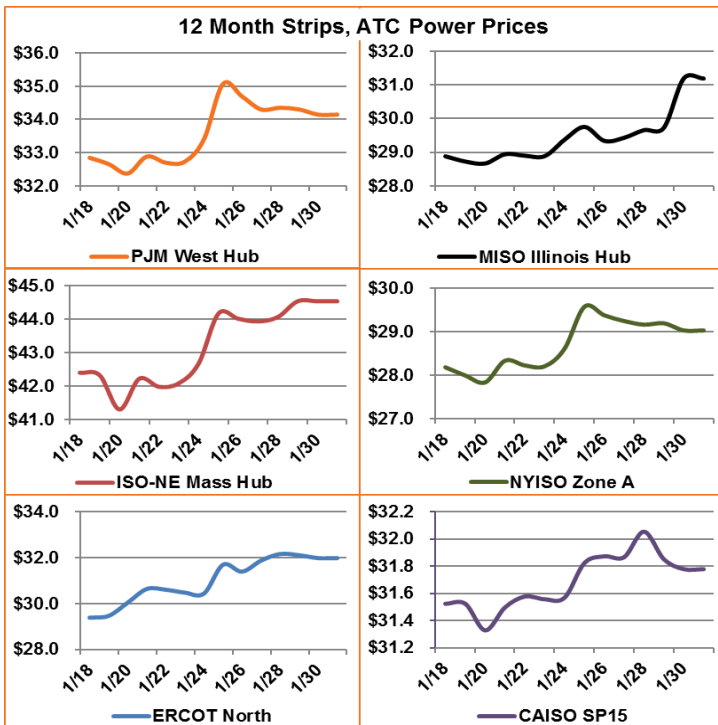
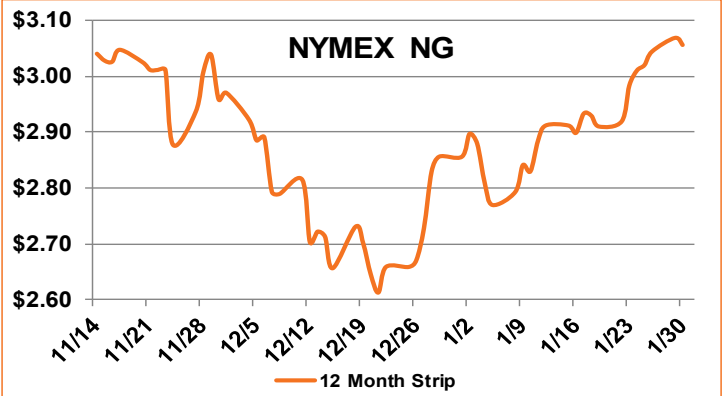
Summary: During its first day as prompt month, the March 2018 natural gas contract gained a modest 2.8 cents to finish the day at \$3.195/MMBtu, representing the contract's highest settlement price since 11/12/2017, when it settled at \$3.262/MMBtu. Near-term weather outlooks have fluctuated over the past few weeks, resulting in near-term natural gas volatility. Primarily weather-driven natural gas demand has averaged ~103 Bcf/d for January 2017, more than 10% higher year-over-year. However, abetting the supply/demand balance, natural gas production has returned to record-setting levels. Monday's estimated production was 78.1 Bcf/d, a new all-time high. The next two weeks' storage reports are expected to be less than the 5-year average, gaining ground against the current 12% deficit. Weather permitting, February storage draws could be limited if growth in natural gas production continues.

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 1/31/2018)

ISO-NE Mass Hub \$92.86	MISO Indiana Hub \$35.98	NYISO Zone G \$62.00
PJM West Hub \$44.75	ERCOT North \$26.00 <i>1/30/18</i>	CAISO SP15 \$33.96
NYMEX NG	Close	Change
Feb-18	3.195	0.028
Mar-18	2.965	0.026
12 Month	3.056	0.026
Cal 19	2.844	0.011
Cal 20	2.800	-0.004

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%

