

Early Morning Update:

The Mar18 natural gas contract is trading down \$0.04 at \$2.71. The Mar18 crude contract is down \$0.75 at \$63.40.

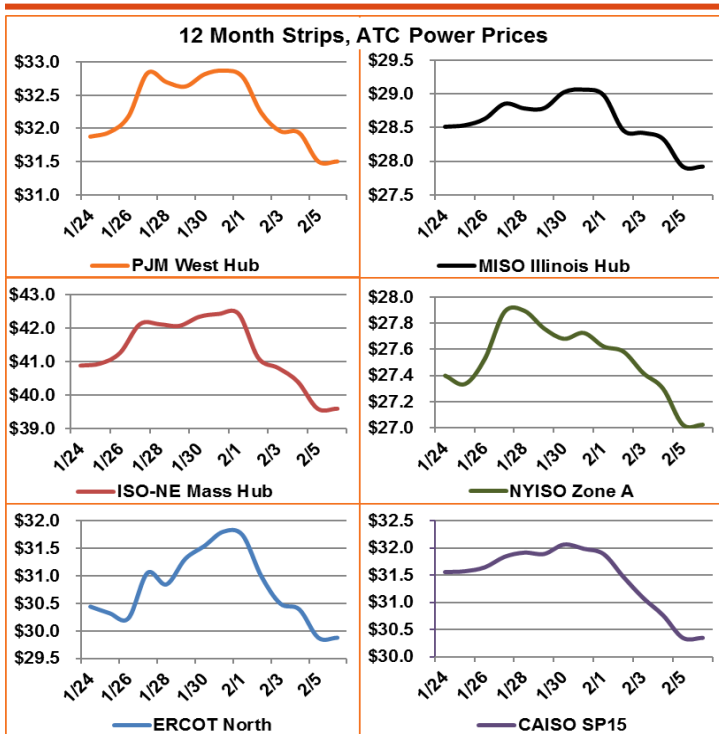
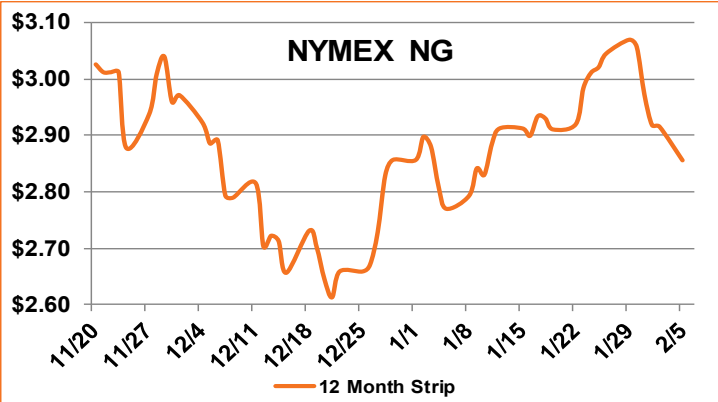
Summary: The March futures contract shed nearly 10 cents on Monday to \$2.747/MMBtu, moving in inverse to forecasted temperatures across the Midwest and East Coast. The 12-month strip dropped six cents to \$2.85, 2019 lost 1.5 cents to \$2.82, and 2020 moved down less than a cent to \$2.81. Warmer corrections to nationwide forecasts out two weeks and beyond have placed immense downward pressure on the prompt month, which has shrunk by 88 cents in the last five trading sessions. Milder weather on the horizon may allow for strong, steady production to take the lead and potentially diminish the storage deficit to historical benchmarks, which currently sits around 17%. Marcellus production may be augmented by the reintroduction of Rover pipeline capacity in Ohio, which has agreed to FERC's conditions and requested to resume drilling after being partially shut down since January 24th due to environmental concerns.

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 2/6/2018)

ISO-NE Mass Hub \$65.33	MISO Indiana Hub \$31.75	NYISO Zone G \$44.05
PJM West Hub \$31.85	ERCOT North \$25.03	CAISO SP15 \$27.66
NYMEX NG	Close	Change
Mar-18	2.747	-0.099
Apr-18	2.726	-0.066
12 Month	2.856	-0.059
Cal 19	2.820	-0.015
Cal 20	2.813	-0.005

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,197	2,296	2,723	2,622
Diff v. Current		-99	-526	-425
% Diff			-19.3%	-16.2%

