

Early Morning Update:

The Mar18 natural gas contract is trading up \$0.02 at \$2.72. The Mar18 crude contract is down \$0.14 at \$61.65.

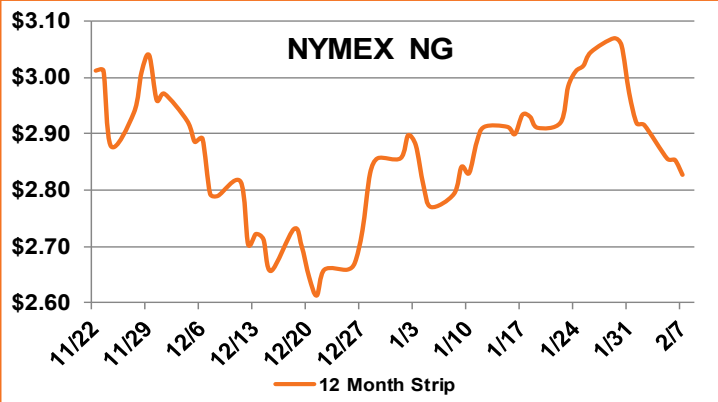
Summary: Despite heavy demand for natural gas, the March futures contract continued its slide yesterday, losing another 5.7 cents to settle at \$2.702/MMBtu. The market appears to be looking forward, past the current cold enveloping the center of the country, to a return to normal temperatures there, and warmer-than-normal weather forecast for the western half of the country, the East, and the South. Demand for natural gas is expected to fall 10 Bcf/d over the next week. Estimates for the weekly storage withdrawal are far below historical averages, and range from 99 to 129 Bcf/d, with a consensus in the neighborhood of 115 Bcf. This is bullish compared to Bentek's Supply and Demand Daily estimate of 104 Bcf, but bearish compared to last year's 142 Bcf pull for the same week, as well as the 151 Bcf five-year average. With winter half over, weather outlooks indicating diminished demand in the coming weeks and robust production, storage withdrawals are expected to lag behind the five-year average. End-of-season projections continue to rise, which is also adding to downward pressure on natural gas prices.

Bullish Factors

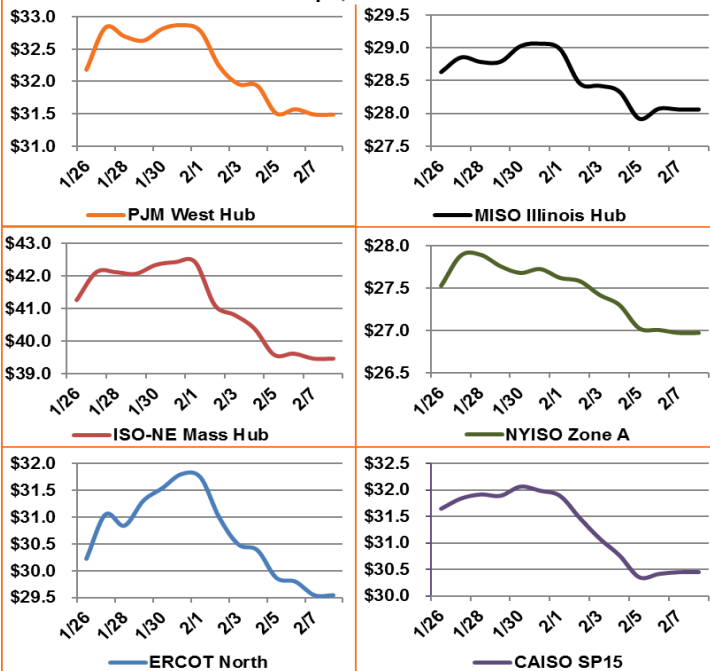
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

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 2/8/2018)

ISO-NE Mass Hub \$73.80	MISO Indiana Hub \$32.60	NYISO Zone G \$38.24
PJM West Hub \$38.93	ERCOT North \$27.54	CAISO SP15 \$28.71
NYMEX NG	Close	Change
Mar-18	2.702	-0.057
Apr-18	2.692	-0.031
12 Month	2.827	-0.027
Cal 19	2.807	-0.010
Cal 20	2.806	-0.013

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%

