

**Early Morning Update:**

The Mar17 natural gas contract is trading down \$0.06 at \$2.97.  
The Mar17 crude contract is down \$0.41 at \$53.45.

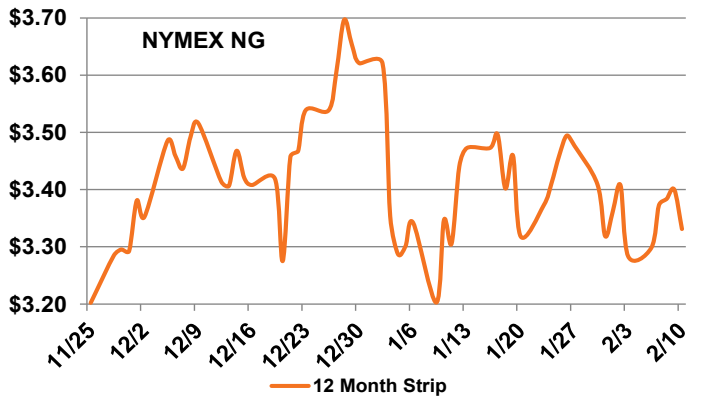
**Summary:** Bearish fundamentals continue to drive prices as the March delivery contract has lost 11% in two weeks and 23% since late December. What's left of winter is forecasted to feel more like spring for most of the country through late February. Although production is still lagging behind, suppressed heating demand and increased rig counts are painting a very healthy storage picture for next winter. Gas calendar strips for 2018-2021 remain backwardated as of this morning. The hefty 2018-2019 spread is currently 75 cents due to the built in premium for next winter. Calendars 2019 and 2020 are a penny away from each other, both within 10% of their all-time low pricing that was established in February of 2016. Northeast power prices have fallen slightly ahead of the upcoming warmth, a trend also seen in the central and western markets.

**Bullish Factors**

- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**Bearish Factors**

- Warming weather forecasts
- Producer hedging
- Less coal-to-gas switching



**Next Day On-Peak Power (traded for 2/13/2017)**

<b>ISO-NE Mass Hub</b> \$37.89 2/11/17	<b>MISO Indiana Hub</b> \$24.99 2/11/17	<b>NYISO Zone G</b> \$34.67 2/11/17
<b>PJM West Hub</b> \$29.26	<b>ERCOT North</b> \$24.50	<b>CAISO SP15</b> \$31.45
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Mar-17	3.034	-0.107
Apr-17	3.117	-0.092
12 Month	3.331	-0.069
Bal 17	3.278	-0.072
Cal 18	3.095	-0.025

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	2,559	2,711	2,884	2,514
<b>Diff v. Current</b>		-152 (-147)	-325	45
<b>% Diff</b>			-11.3%	1.8%

