

Early Morning Update:

The Mar18 natural gas contract is trading up \$0.06 at \$2.61. The Mar18 crude contract is down \$0.54 at \$58.75.

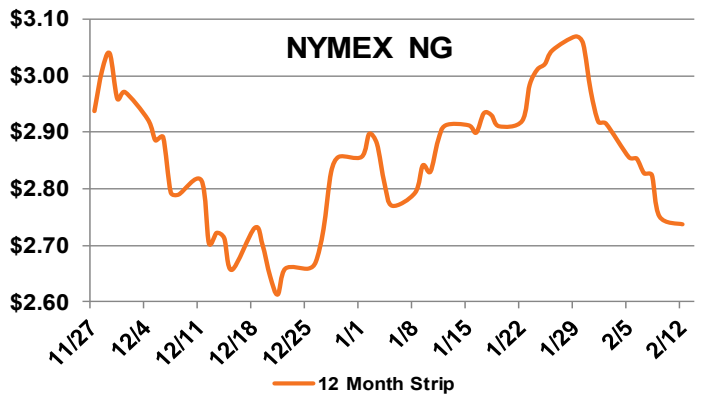
Summary: March 2018 natural gas futures moved down another 3.2 cents on Monday to \$2.552/MMBtu, reinforcing the 20% drop this contract has seen since it took over as the prompt month in late January. The 12-month strip, calendars 2019 and 2020 all lost about a cent, and settled at \$2.74, \$2.76, and \$2.77, respectively. The next three weeks of weather should keep the eastern half of the country at or above normal temperatures, while the West Coast will feel slightly colder than average. Despite the potential moderation of weather, the market will have to battle through the large storage deficit and higher year-over-year demand to get through the remaining part of the winter season unscathed. Nationwide demand for 2018 to date is 13% higher than 2017, which has been the chief driver in quickly waning natural gas stores. However, despite strong withdrawals this winter, projected production efficiencies and additional pipeline capacity expansions in the Marcellus region could keep the market in check.

Bullish Factors

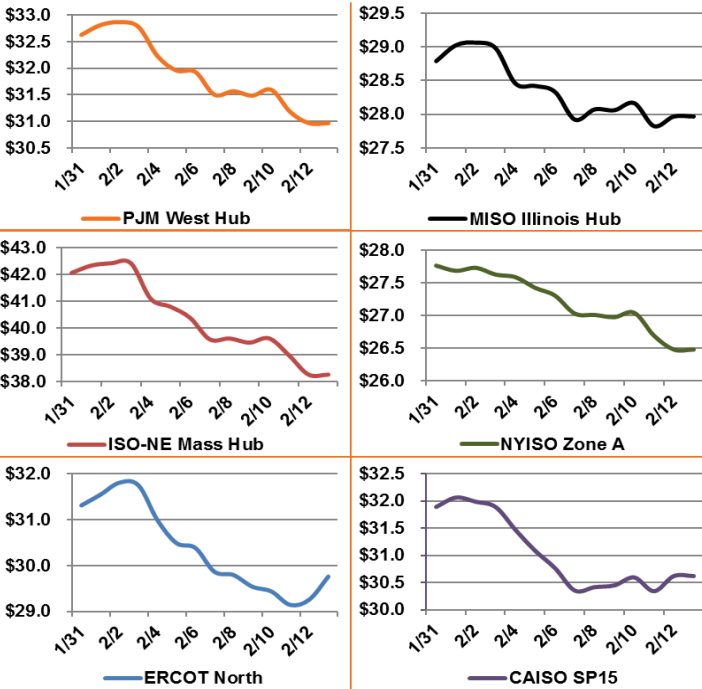
- Low expected storage levels
- LNG exports ramping up
- Exports to Mexico at all-time high

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 2/13/2018)

ISO-NE Mass Hub \$38.91	MISO Indiana Hub \$28.45	NYISO Zone G \$32.00
PJM West Hub \$30.78	ERCOT North \$29.69	CAISO SP15 \$36.16
NYMEX NG	Close	Change
Mar-18	2.552	-0.032
Apr-18	2.579	-0.018
12 Month	2.738	-0.014
Cal 19	2.763	-0.010
Cal 20	2.768	-0.012

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,078	2,197	2,581	2,471
Diff v. Current		-119	-503	-393
% Diff			-19.5%	-15.9%

