

Early Morning Update:

The Mar17 natural gas contract is trading down \$0.02 at \$2.92.
The Mar17 crude contract is up \$0.34 at \$53.27.

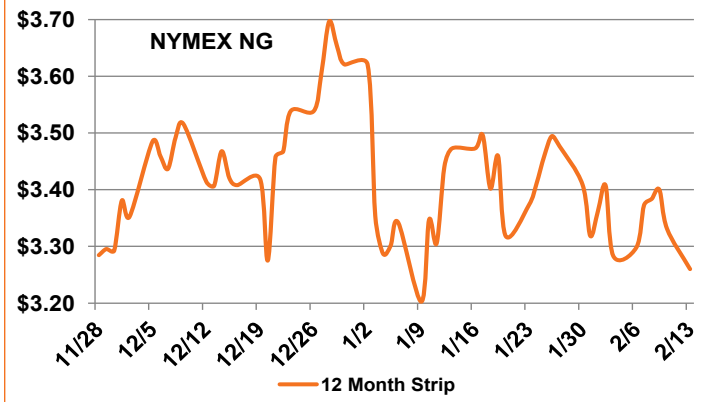
Summary: With less than a third of the heating season left and no cold on the horizon, March futures slid another 9 cents to close at \$2.944. This is the lowest close in 12 weeks, and the first close below \$3.00 since November 22nd. New support levels are expected to be tried over the coming weeks as well above average temperatures prevail through the 14 day forecast and demand likely to be stifled by low residential and commercial pulls. The CFTC reported a third consecutive week of additions to the net short positions of traders, suggesting a possible retreat to the March 2017 low of \$2.764, hit on November 9, 2016. Future calendar strips for 2018 through 2023 all decreased one to three cents yesterday, with calendar years 2022 and 2023 hitting new all-time lows at \$2.859 and \$2.879, respectively. The Energy Information Agency is reporting a 0.5 bcf/day recovery in shale gas production for the month of March, another possible sign of continuing the trend of lower than historical average weekly withdraws from natural gas storage.

Bullish Factors

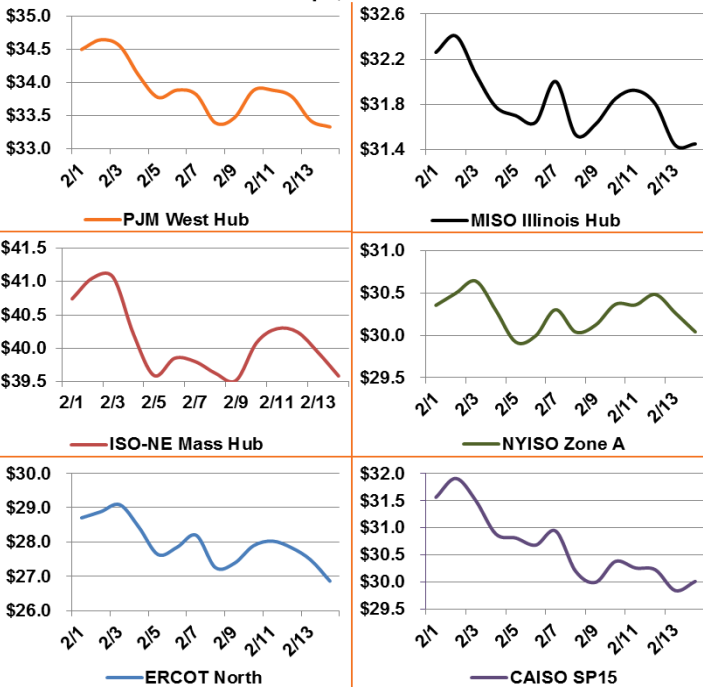
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 2/14/2017)

ISO-NE Mass Hub \$40.71	MISO Indiana Hub \$29.25	NYISO Zone G \$38.01
PJM West Hub \$30.58	ERCOT North \$22.50	CAISO SP15 \$33.03
NYMEX NG	Close	Change
Mar-17	2.944	-0.107
Apr-17	3.032	-0.092
12 Month	3.260	-0.069
Bal 17	3.204	-0.072
Cal 18	3.063	-0.025

EIA Natural Gas Storage

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

