

Early Morning Update:

The Jan18 natural gas contract is trading down \$0.09 at \$2.83. The Jan18 crude contract is up \$0.29 at \$56.25.

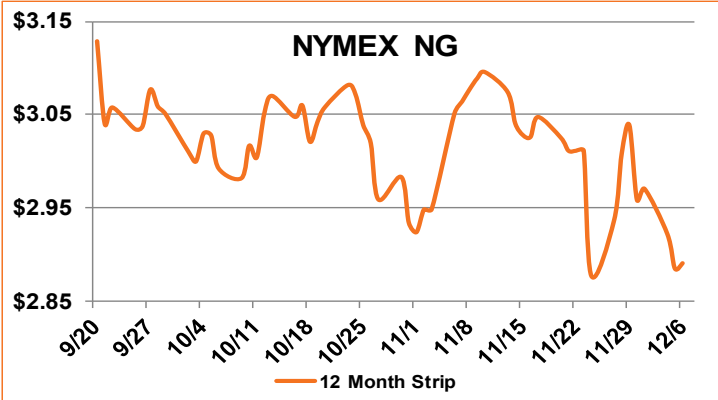
Summary: There's been quite a bit of volatility in near-term gas prices recently, as weather turns colder across the northeastern U.S. Most weather vendors agree with fairly strong cold east of the plains for the 6-10 day forecast window, but there is still quite a bit of uncertainty about the intensity of the cold beyond this period. NYMEX gas rallied early in the day on Wednesday, with the market up nearly 5 cents, before losing momentum to close up less than a penny at \$2.922/MMBtu. Increasing production in the Marcellus and Utica areas have led to record production, and the prospects for growth continue as additional pipeline expansions reach completion. The slow start to winter, combined with increasing supply, have helped to keep a lid on prices, even with the first meaningful heating demand of the year approaching. The market is expecting a 4 Bcf withdrawal from storage this week, which is far below the 43 Bcf pull reported last year, as well as the 69 Bcf five-year average. The next two weeks should be more interesting, as the cold weather drives increased heating demand. The market is expecting a 55 Bcf withdrawal next week, followed by 170 Bcf the following week.

Bullish Factors

- Weather outlook turning colder
- 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 12/7/2017)

ISO-NE Mass Hub \$39.86	MISO Indiana Hub \$34.24	NYISO Zone G \$33.94
PJM West Hub \$37.47	ERCOT North \$26.51	CAISO SP15 \$52.79
NYMEX NG	Close	Change
Jan-18	2.922	0.008
Feb-18	2.924	0.004
12 Month	2.891	0.006
Cal 18	2.891	0.006
Cal 19	2.842	-0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,693	3,726	4,002	3,800
Diff v. Current		-33	-309	-107
% Diff			-7.7%	-2.8%

