

**Early Morning Update:**

The Jan18 natural gas contract is trading up \$0.03 at \$2.79. The Jan18 crude contract is up \$0.99 at \$57.68.

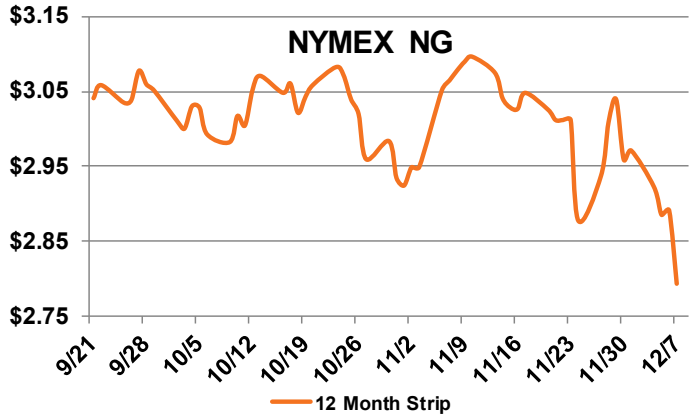
**Summary:** The EIA reported an unusual December build into storage reported, adding 2 Bcf to stocks for the week ending Dec 1, 2017. The build wasn't entirely surprising given the mild start to December weather and very high NG production levels. The prompt NG contract had been down prior to the report and continued it's downward trend, ending the down at \$2.763, \$.159 lower on the day. It is somewhat surprising to see the market sell-off as much as it has over the past week given that weather forecasts are still calling for some cold temperatures along the east coast. We have seen a sharp sell-off in futures positions among the Managed Money community and perhaps that's the reason for the fall in prices as it swings from a long position to nearly flat. Either way, the decline in prices has been impressive. The backwardation in the market has evaporated and prices for 2018-2021 are essentially flat, with Cal '18 and Q1'18 seeing their lowest prices for the year.

**Bullish Factors**

- Weather outlook turning colder
- LNG exports ramping up
- Exports to Mexico at all-time high

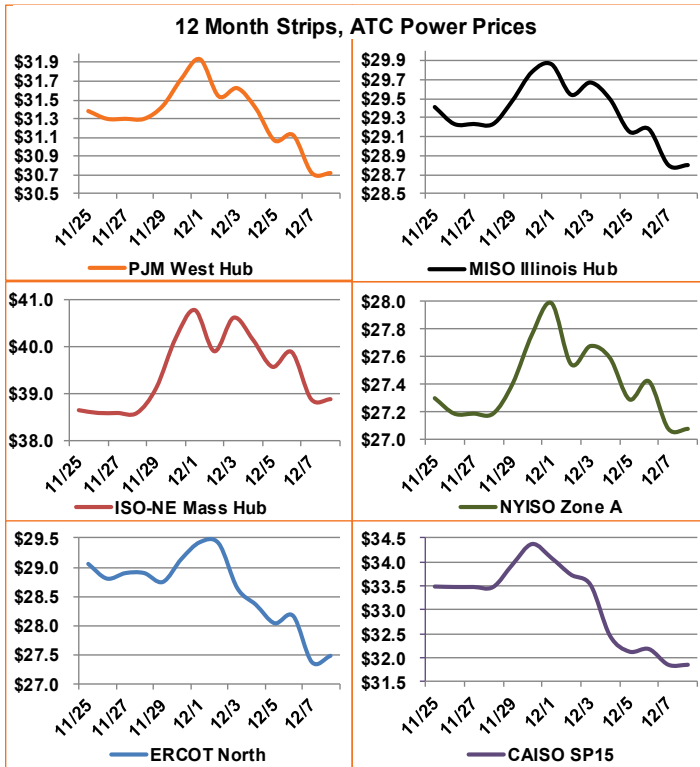
**Bearish Factors**

- NG production at record levels
- Growing renewable energy generation
- Increased NG pipeline capacity



**Next Day On-Peak Power (traded for 12/8/2017)**

<b>ISO-NE Mass Hub</b> \$41.29	<b>MISO Indiana Hub</b> \$35.25	<b>NYISO Zone G</b> \$39.10
<b>PJM West Hub</b> \$36.97	<b>ERCOT North</b> \$25.50	<b>CAISO SP15</b> \$52.56
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jan-18	2.763	-0.159
Feb-18	2.782	-0.142
12 Month	2.794	-0.097
Cal 18	2.794	-0.097
Cal 19	2.809	-0.034



**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>	3,695	3,693	3,960	3,731
<b>Diff v. Current</b>		2	-265	-36
<b>% Diff</b>			-6.7%	-1.0%

