

Early Morning Update:

The Jan18 natural gas contract is trading up \$0.07 at \$3.09. The Jan18 crude contract is up \$0.43 at \$57.83.

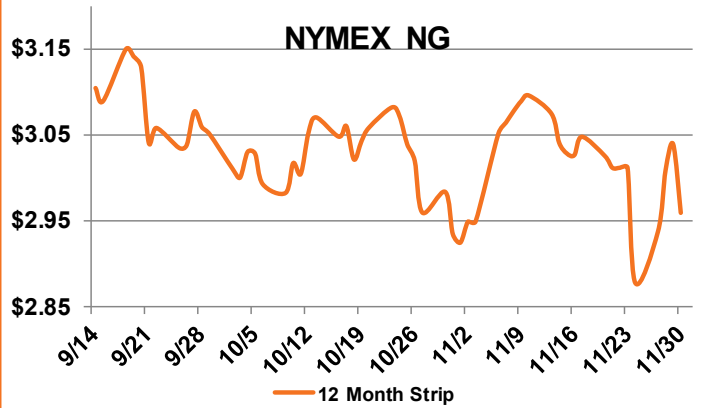
Summary: The EIA reported a draw from storage yesterday of 33 Bcf, in-line with expectations. The market opened the day down, and moved lower throughout the day with the prompt eventually finishing down nearly 5% to close at \$3.025. The market has been more volatile lately as weather forecasts for this winter seem to change every day. The latest forecasts show cold temperatures moving into the eastern half of the country and remaining there for the balance of the year. There is still no widespread consensus on Jan-Feb forecasts and the market is reacting to December forecasts to inform trading decision for Jan-Feb. On the supply side, NG production continues to grow with the latest data showing daily production levels hovering near 77 Bcf/d.

Bullish Factors

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

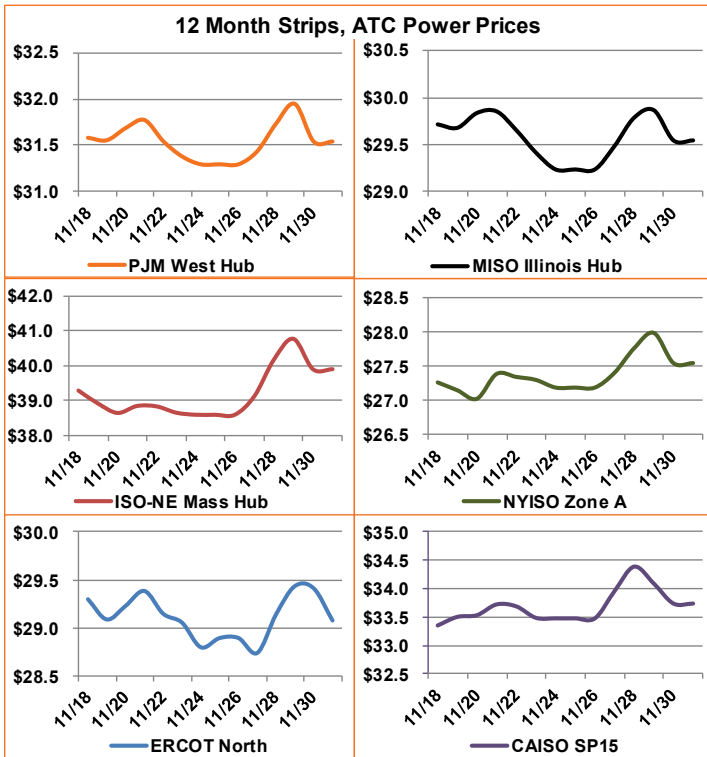
Bearish Factors

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



Next Day On-Peak Power (traded for 12/1/2017)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$31.60 | MISO Indiana Hub \$29.76 | NYISO Zone G \$30.43 |
| PJM West Hub \$27.53 | ERCOT North \$22.75 | CAISO SP15 \$49.55 |
| NYMEX NG | Close | Change |
| Jan-18 | 3.025 | -0.154 |
| Feb-18 | 3.032 | -0.147 |
| 12 Month | 2.959 | -0.080 |
| Cal 18 | 2.959 | -0.080 |
| Cal 19 | 2.885 | -0.026 |



EIA Natural Gas Storage

| | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
| Total | 3,693 | 3,726 | 4,001 | 3,800 |
| Diff v. Current | | -33 | -308 | -107 |
| % Diff | | | -7.7% | -2.8% |

