

Early Morning Update:

The Jan18 natural gas contract is trading up \$0.02 at \$2.70. The Jan18 crude contract is up \$0.28 at \$57.32.

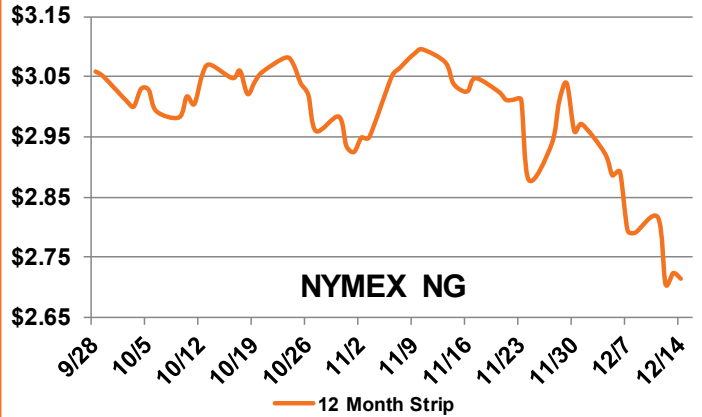
Summary: The NG market has been a uni-directional market lately, only seeming able to move lower as it did again yesterday. After the EIA reported a 69 Bcf draw from storage, the market ticked down and ultimately finished down \$.031 to close at \$2.684. The drop in prices seems somewhat surprising considering the cold temperatures that are forecasted, but the rise in production is perhaps outweighing any higher demand we may see from colder temperatures. Daily NG production levels continue to hover near 77 Bcf, a full 10% higher than where we started the year. The Managed Money community may not be convinced that higher weather-related demand will offset higher production which may be why they have flipped their long positions to short positions recently.

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 12/15/2017)

ISO-NE Mass Hub \$64.58	MISO Indiana Hub \$31.89	NYISO Zone G \$48.50
PJM West Hub \$38.52	ERCOT North \$23.00	CAISO SP15 \$40.89
NYMEX NG	Close	Change
Jan-18	2.684	-0.031
Feb-18	2.704	-0.028
12 Month	2.713	-0.009
Cal 18	2.713	-0.009
Cal 19	2.786	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,626	3,695	3,828	3,653
Diff v. Current		-69	-202	-27
% Diff			-5.3%	-0.7%

