

**Early Morning Update:**

The Jan18 natural gas contract is trading up \$0.02 at \$2.71. The Jan18 crude contract is up \$0.24 at \$57.80.

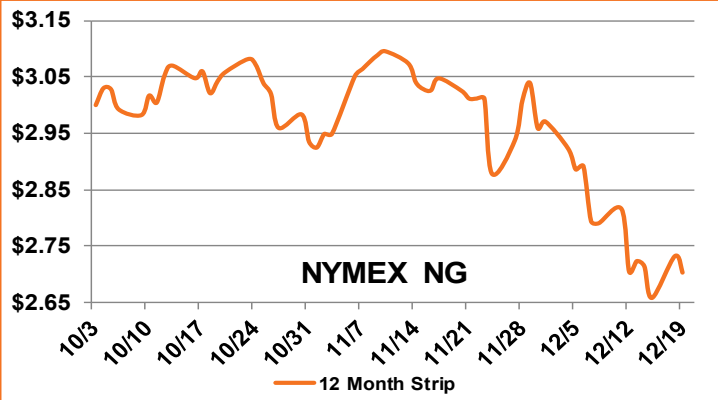
**Summary:** Yesterday, natural gas prices traded on either side of the line, in a range from \$2.692/MMBtu to \$2.769/MMBtu. After a strong start to the week, gaining 13.3 cents on Monday, the NYMEX Natural Gas prompt month settled 5.3 cents lower yesterday at \$2.692/MMBtu, or 12% lower than the December 2017 settlement price. Since January made its prompt month debut, Managed Money movement, record setting production, lower demand year-over-year, and fickle weather forecasts have prompted the contract to lose over 40 cents. Not only are Northeast production levels attributing to U.S. record setting production, the Permian Basin in West Texas increased production levels recently and is adding to the growth in domestic supply. All three U.S. producing regions, North, South, and West, are now at higher levels this December compared to December 2016. With the latest "EIA Short-Term Energy Outlook" predicting U.S. dry natural gas production to grow by 6.1 Bcf/d in 2018, continued record-setting production levels seem inevitable.

**Bullish Factors**

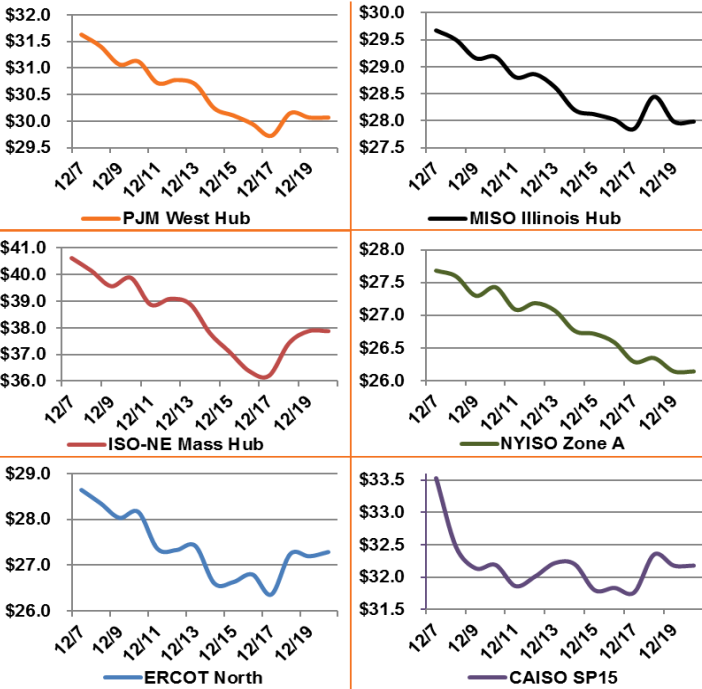
- Weather outlook turning colder
- LNG exports ramping up
- Exports to Mexico at all-time high

**Bearish Factors**

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



**12 Month Strips, ATC Power Prices**



**Next Day On-Peak Power (traded for 12/20/2017)**

<b>ISO-NE Mass Hub</b> \$71.43	<b>MISO Indiana Hub</b> \$27.54	<b>NYISO Zone G</b> \$34.13
<b>PJM West Hub</b> \$30.50	<b>ERCOT North</b> \$24.76	<b>CAISO SP15</b> \$43.48
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
<b>Jan-18</b>	2.692	-0.053
<b>Feb-18</b>	2.697	-0.058
<b>12 Month</b>	2.702	-0.029
<b>Cal 18</b>	2.702	-0.029
<b>Cal 19</b>	2.782	-0.009

**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>	3,626	3,695	3,828	3,653
<b>Diff v. Current</b>		-69	-202	-27
<b>% Diff</b>			-5.3%	-0.7%

