

Early Morning Update:

The Jan18 natural gas contract is trading down \$0.03 at \$2.60. The Jan18 crude contract is down \$0.29 at \$57.80.

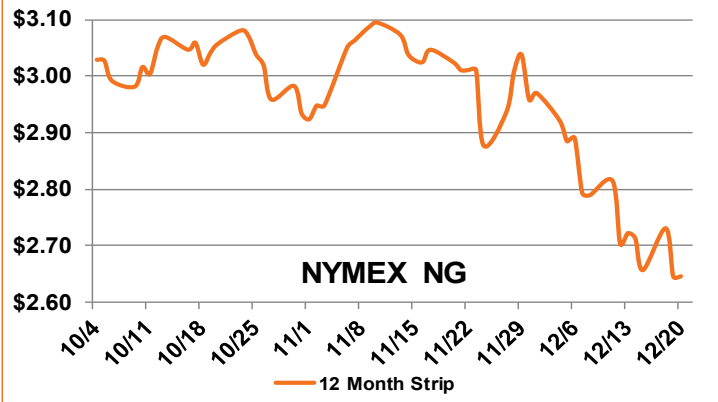
Summary: Natural gas prices moved down 5.5 cents in trading on Wednesday to close the session at \$2.637/MMBtu. As natural gas production has continued to grow, prices have come off sharply since the start of December, with the Calendar 2018 strip losing nearly 35 cents since the start of the month. The National Weather Service is forecasting a shift from mild weather to much-below-normal conditions in, both, the 6-10 day and the 8-14 day outlooks. Colder weather should provide some support to prices, as heating demand is expected to spike following the Christmas holiday. The market is anticipating a withdrawal from storage inventories this week of 172 Bcf, which is below last year's withdrawal of 200 Bcf, but higher than the 5-year average of 125 Bcf. Early projections for next week's number are hovering around 115 Bcf, but may increase in the following weeks if the impending cold front plays out the way forecasters are predicting.

Bullish Factors

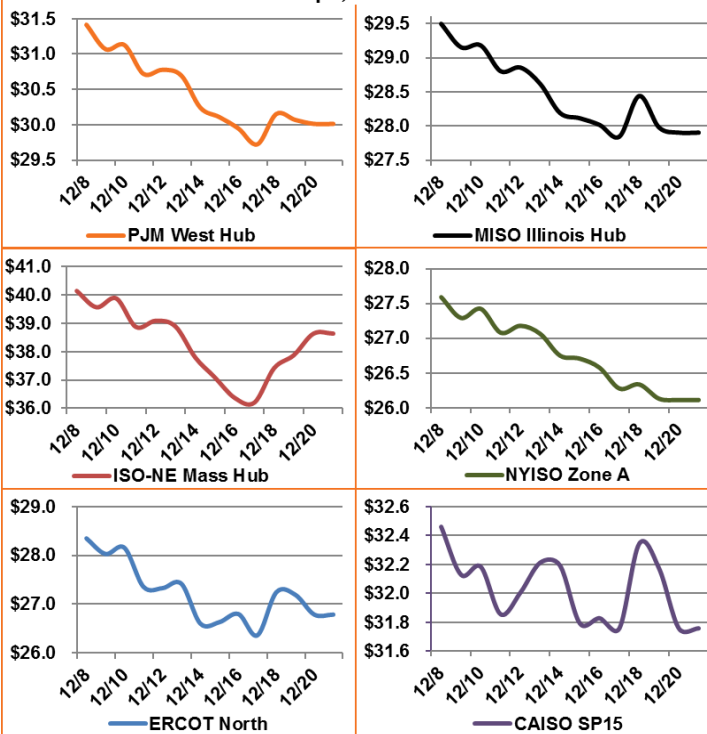
- Weather outlook turning colder
- LNG exports ramping up
- Exports to Mexico at all-time high

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 12/21/2017)

ISO-NE Mass Hub \$79.46	MISO Indiana Hub \$28.33	NYISO Zone G \$40.16
PJM West Hub \$31.53	ERCOT North \$21.00	CAISO SP15 \$47.01
NYMEX NG	Close	Change
Jan-18	2.637	-0.055
Feb-18	2.636	-0.061
12 Month	2.646	-0.056
Cal 18	2.646	-0.056
Cal 19	2.749	-0.033

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%

