

Early Morning Update:

The Feb18 natural gas contract is trading up \$0.03 at \$2.94. The Feb18 crude contract is up \$0.25 at \$60.09.

Summary: Gas and power markets rallied sharply as the cold deep freeze encompassing much of the country continued. Near term power and gas prices remain high as next-day prices at the Mass Hub again traded at very high levels. PJM and NY prices are also seeing some of the highest levels of the year. Near-term gas demand due to very cold temperatures is also at its highest levels of the year. The cold snap has also caused forward prices to move up as the 12 month NG strip moved up \$.08 and Cal '19 up \$.02. Forward power prices also moved higher yesterday with all regions moving up in response to the weather.

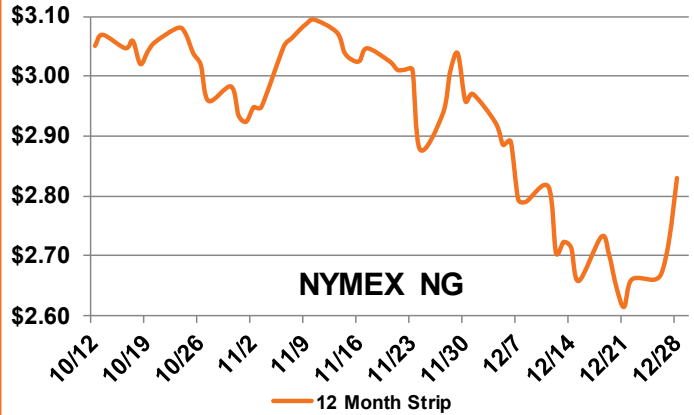
The EIA also reported a draw from storage of 112 Bcf, inline with expectations. The draw moves us closer to last years' level as well as the 5-year average.

Bullish Factors

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

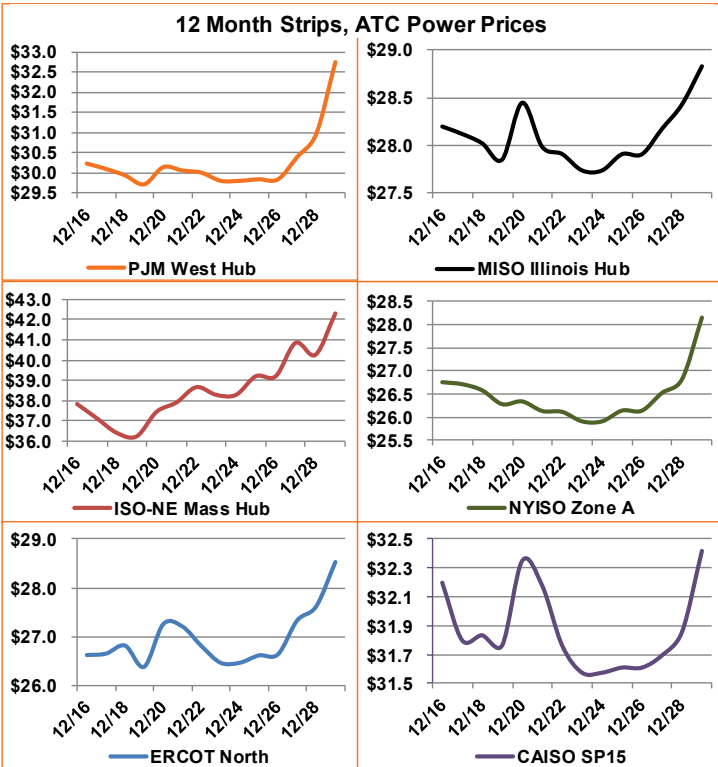
Bearish Factors

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



Next Day On-Peak Power (traded for 12/29/2017)

ISO-NE Mass Hub \$170.08	MISO Indiana Hub \$43.30	NYISO Zone G \$139.45
PJM West Hub \$104.69	ERCOT North \$23.55	CAISO SP15 \$37.91
NYMEX NG	Close	Change
Feb-18	2.914	0.182
Mar-18	2.878	0.179
12 Month	2.803	0.082
Cal 19	2.800	0.023
Cal 20	2.808	0.010



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,332	3,444	3,395	3,417
Diff v. Current		-112	-63	-85
% Diff			-1.9%	-2.5%

