

**Early Morning Update:**

The Feb17 natural gas contract is trading down \$0.25 at \$3.47. The Feb17 crude contract is up \$1.23 at \$54.95.

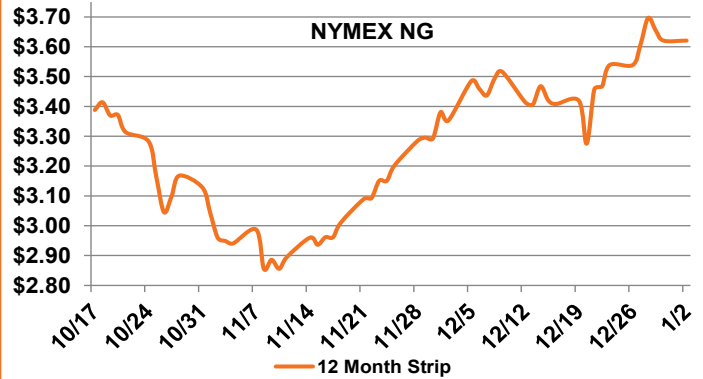
**Summary:** In the second day of trading the Feb17 natural gas contract as the prompt month, pricing fell another eight cents to close at \$3.724/MMBtu. The 12-month strip is down three cents as well, but calendar strips further out into 2018 and beyond are staying steady. After a colder snap this upcoming weekend, weather forecasts for the second week in January have shifted from below average up to normal, and even slightly above. Low demand over the holiday period, as well as a steadier stream of ~71 Bcf/day production, is expected to result in a lower-than-average withdrawal for the week ending Dec. 29, which is scheduled to be announced on Thursday.

**Bullish Factors**

- Meandering production
- Exports to Mexico at record high
- Growing LNG exports

**Bearish Factors**

- Warming weather forecasts
- Producer hedging
- Less coal-to-gas switching



**Next Day On-Peak Power (traded for 1/3/2017)**

<b>ISO-NE Mass Hub</b> \$48.00	<b>MISO Indiana Hub</b> \$28.42	<b>NYISO Zone G</b> \$37.82
<b>PJM West Hub</b> \$29.00	<b>ERCOT North</b> \$28.29	<b>CAISO SP15</b> \$47.58
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-17	3.724	-0.078
Mar-17	3.684	-0.070
12 Month	3.621	-0.033
Bal 17	3.606	-0.034
Cal 18	3.141	0.001

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	3,360	3,597	3,773	3,439
<b>Diff v. Current</b>		-237	-413	-79
<b>% Diff</b>			-10.9%	-2.3%

