

Early Morning Update:

The Feb17 natural gas contract is trading down \$0.03 at \$3.23. The Feb17 crude contract is up \$0.44 at \$54.20.

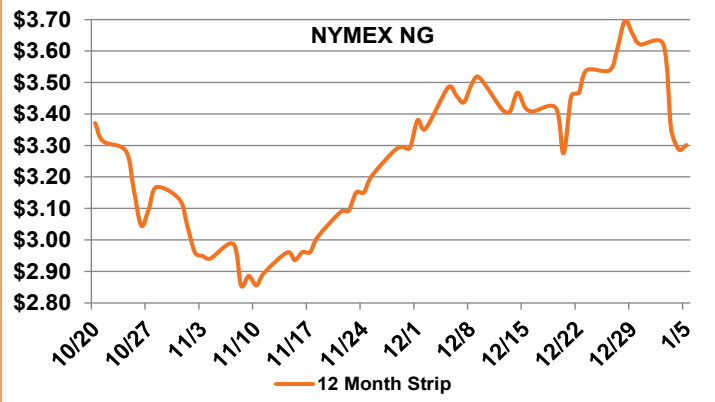
Summary: The prompt NG contract ended the day nearly flat, finishing up only \$.006 to close at \$3.273. There was some intra-day movement as the market started the day higher, then dropped after a bearish storage report then saw some buying activity to move higher and close the day nearly flat. Estimates for a storage report were in the mid-60's but a draw of 49 Bcf was reported. Low demand over the holiday week and low power burns seemed to be the primary reasons for the departure from estimates. The small draw was below last year (-98) and the 5-year average (-107) for the first time in over a month. Estimates for end-of-winter storage totals look to be near 1.9 Tcf based on current weather forecasts. Those estimates are well below last years' record level but above 5-year average levels.

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 1/6/2017)

ISO-NE Mass Hub \$59.83	MISO Indiana Hub \$40.67	NYISO Zone G \$47.89
PJM West Hub \$38.99	ERCOT North \$27.00	CAISO SP15 \$38.10
NYMEX NG	Close	Change
Feb-17	3.273	0.006
Mar-17	3.268	0.019
12 Month	3.301	0.014
Bal 17	3.281	0.013
Cal 18	3.040	0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,311	3,360	3,675	3,332
Diff v. Current		-49	-364	-21
% Diff			-9.9%	-0.6%

