

Early Morning Update:

The Feb17 natural gas contract is trading up \$0.10 at \$3.32. The Feb17 crude contract is up \$0.45 at \$52.70.

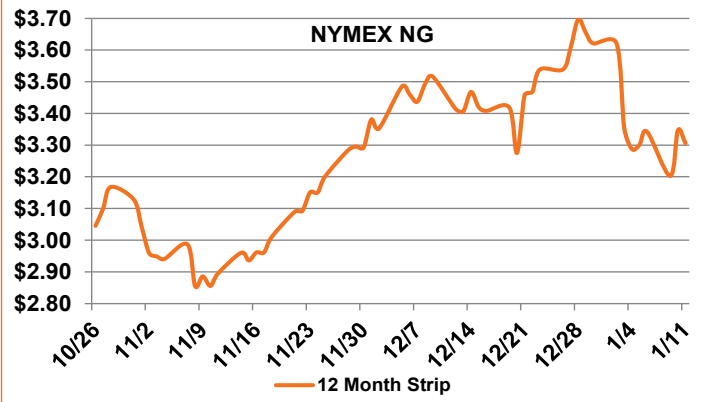
Summary: The market was less volatile on Wednesday, with the prompt closing the trading session down 5.4 cents at \$3.224/MMBtu. The 12-month strip also declined and settled at \$3.306, after trading as high as \$3.697 on December 28th. Weather has shifted much warmer across much of the U.S., reducing expected heating demand in the coming weeks. Production has been anything but stable lately, bumping up and down between 69 and 71 Bcf/d despite the shift in weather forecasts and the resulting price volatility we've seen for near-term strips. The market is projecting a 134 Bcf withdrawal for the week to January 6 when the U.S. Energy Information Administration releases their weekly storage report later this morning. For the review week, cooling degree days were 5.6% higher than last year and 1.8% more than average. However, it is likely that commercial and industrial demand were suppressed due to the New Year's holiday. Storage currently stands at 3.311 Tcf, below last year at this time, as well as the 5-year average.

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

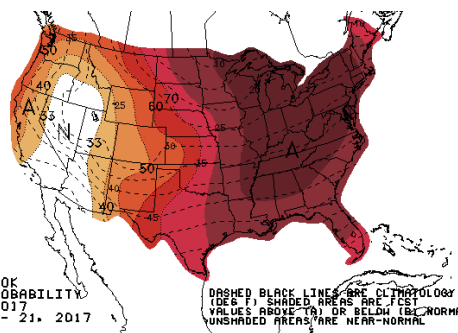
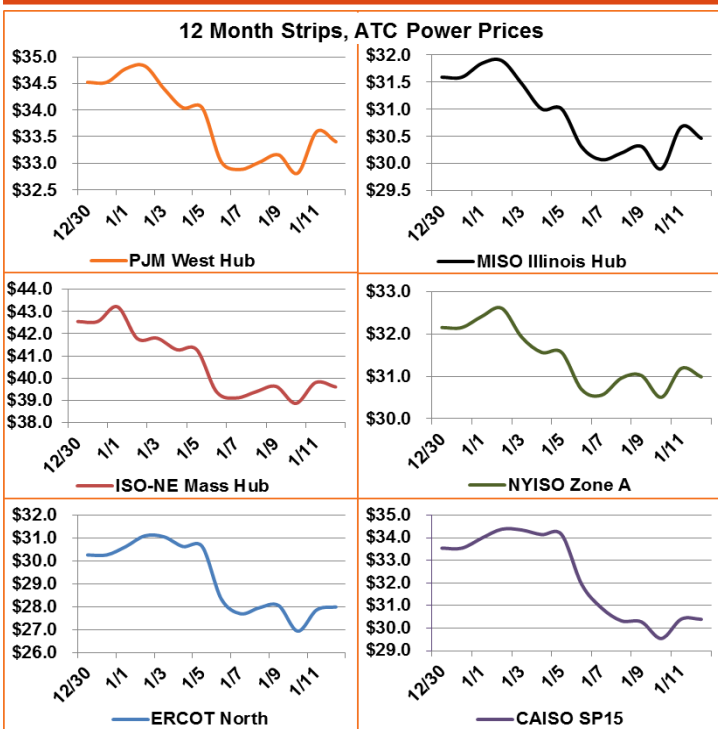


Next Day On-Peak Power (traded for 1/12/2017)

ISO-NE Mass Hub \$32.03	MISO Indiana Hub \$31.28	NYISO Zone G \$35.25
PJM West Hub \$27.31	ERCOT North \$24.91	CAISO SP15 \$38.78
NYMEX NG	Close	Change
Feb-17	3.224	-0.054
Mar-17	3.217	-0.058
12 Month	3.306	-0.041
Bal 17	3.283	-0.042
Cal 18	3.066	-0.002

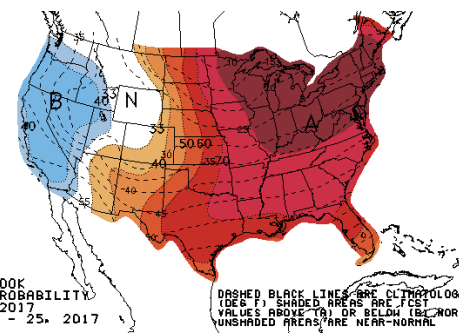
EIA Natural Gas Storage

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%



6-10 DAY OUTLOOK TEMPERATURE PROBABILITY
MADE 11 JAN 2017
VALID JAN 17 - 21, 2017

DASHED BLACK LINES ARE CLIMATOLOGY (DEG F). SHADED AREAS ARE FEET VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY
MADE 11 JAN 2017
VALID JAN 19 - 25, 2017

DASHED BLACK LINES ARE CLIMATOLOGY (DEG F). SHADED AREAS ARE FEET VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.