

**Early Morning Update:**

The Feb17 natural gas contract is trading up \$0.03 at \$3.45. The Feb17 crude contract is down \$0.13 at \$52.24.

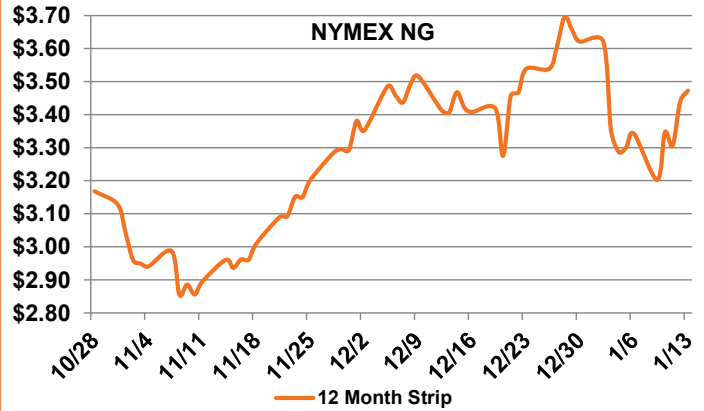
**Summary:** Despite an extremely bearish short-term weather outlook, the prompt month rally that began on January 9th remains strong as of this morning. The February contract opened up 3cents from Friday's close at \$3.47. Temperatures from the Rocky Mountains to the East Coast are firming up to be about 15degrees above normal until the last week of January, which should alleviate supply pressure from heating demand. The other short-term gas strips are up with the prompt month as well, the balance of 2017 up 5cents at \$3.51 and calendar 2018 up a penny at \$3.14. Gas calendar pricing for 2019 - 2022 remains weak and is down 2cents across the board. National power prices are mixed in the short term. CA and TX forwards are within 2% of all-time lows through 2021 versus the eastern markets which are still clinging to winter premiums through calendar 2019.

**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 1/16/2017)**

<b>ISO-NE Mass Hub</b> \$35.00	<b>MISO Indiana Hub</b> \$34.00	<b>NYISO Zone G</b> \$35.00
<b>PJM West Hub</b> \$33.91	<b>ERCOT North</b> \$25.25	<b>CAISO SP15</b> \$35.43
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-17	3.419	0.033
Mar-17	3.396	0.029
12 Month	3.473	0.032
Bal 17	3.452	0.033
Cal 18	3.127	0.012

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	3,160	3,311	3,523	3,164
<b>Diff v. Current</b>		-151	-363	-4
<b>% Diff</b>			-10.3%	-0.1%

