

**Early Morning Update:**

The Feb17 natural gas contract is trading down \$0.09 at \$3.32.  
The Feb17 crude contract is down \$1.18 at \$51.30.

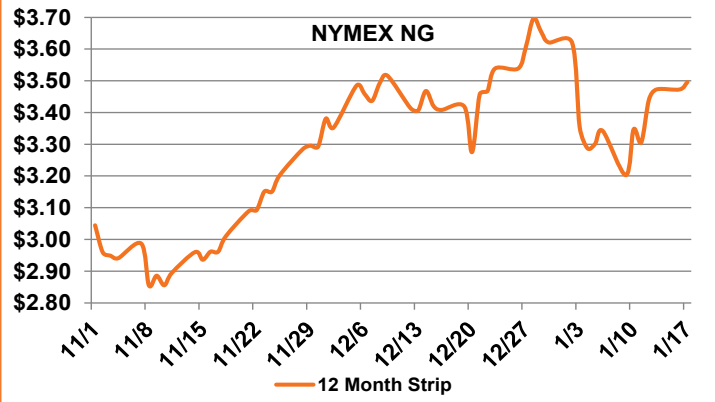
**Summary:** Yesterday, the Feb17 natural gas contract settled at \$3.412/MMBtu, down just 0.7 cent for the day as traders wait for more information to decide which direction to push the market. Last week, the CFTC's "Commitments of Traders" report indicated that noncommercial traders and managed money added to their net short natural gas positions in the week that ended Jan. 10. Forecasted warmer-than-average temperatures could have catalyzed this move. Warmer temperatures, some reaching 15 degrees above average, are still expected to dominate the eastern two-thirds of the country through the middle of next week, leaving natural gas demand at bay. Forecasts for the end of the month, indicating cooler-than-average temperatures, started to appear late last week and remain in current forecasts. However, weather services are divided on how cold it will get, how long it will last, and where to expect the cold, leading to uncertainty for expected natural gas demand in the coming weeks. If colder forecasts remain, they could result in "smart money" reversing the short positions taken in the week ended Jan. 10. Longer-term gas prices were mostly unchanged yesterday, 2018-2023 moved less than a penny in either direction.

**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 1/18/2017)**

<b>ISO-NE Mass Hub</b> \$35.45	<b>MISO Indiana Hub</b> \$33.80	<b>NYISO Zone G</b> \$39.47
<b>PJM West Hub</b> \$32.99	<b>ERCOT North</b> \$25.86	<b>CAISO SP15</b> \$35.06
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-17	3.412	-0.007
Mar-17	3.405	0.009
12 Month	3.496	0.023
Bal 17	3.475	0.024
Cal 18	3.135	0.008

**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%

