

Early Morning Update:

The Feb17 natural gas contract is trading down \$0.01 at \$3.29.
The Feb17 crude contract is up \$0.50 at \$51.58.

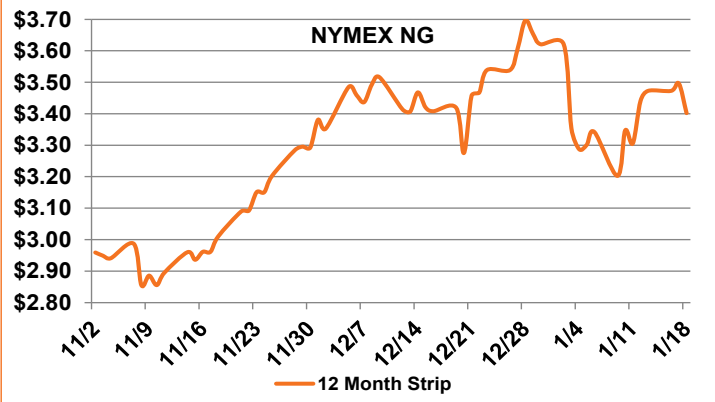
Summary: Warmer-than-normal temperatures for the next ten days continue to weigh heavily on natural gas prices, with the prompt month falling to its lowest level in the past week yesterday. The Feb17 natural gas contract lost another 11 cents on Wednesday, settling at \$3.302/MMBtu, despite mid-term weather forecasts turning a bit cooler overall than previous outlooks. Cooler-than-normal temperatures in the West, although not as cold as previously predicted, will expand to cover much more of the western U.S. in the next 6-10 days. In the 11-14 day outlook, cooler areas will grow to encompass most of the U.S., with only the Northeast and the Great Lakes region remaining above normal. Frigid temperatures in the week to Jan. 13 are expected to have resulted in a storage withdrawal much larger than historical averages. Estimates for the weekly draw from natural gas stockpiles range from 229 to 238 Bcf, which would widen the deficit to the five-year average. For the same week last year, the U.S. Energy Information Administration reported a 175 Bcf withdrawal, while the five-year average stands at 170 Bcf.

Bullish Factors

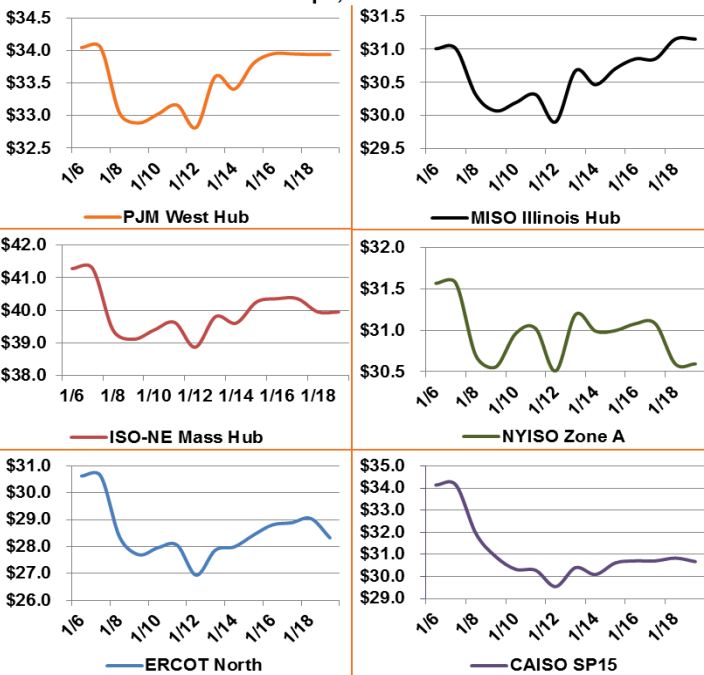
- Meandering production
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 1/19/2017)

ISO-NE Mass Hub \$34.32	MISO Indiana Hub \$33.80	NYISO Zone G \$39.47
PJM West Hub \$33.22	ERCOT North \$22.63	CAISO SP15 \$34.67
NYMEX NG		Close
Feb-17		3.302
Mar-17		3.294
12 Month		3.402
Bal 17		3.380
Cal 18		3.113
		Change
Feb-17		-0.110
Mar-17		-0.111
12 Month		-0.094
Bal 17		-0.095
Cal 18		-0.022

EIA Natural Gas Storage

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

