

Early Morning Update:

The Feb17 natural gas contract is trading down \$0.07 at \$3.30. The Feb17 crude contract is up \$1.10 at \$52.47.

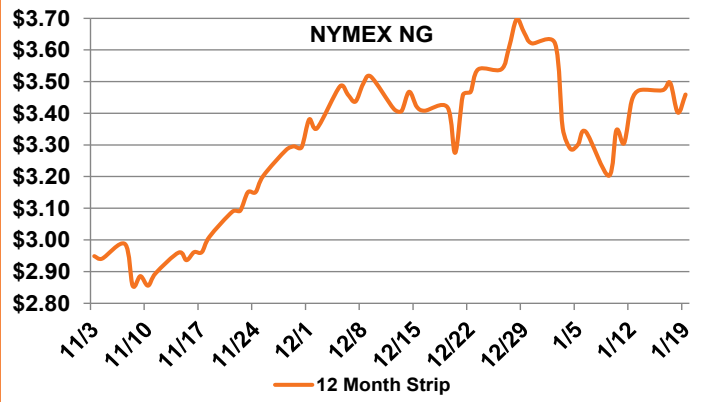
Summary: After spending most of the morning on the negative side, natural gas prices flipped to the positive after the U.S. Energy Information Administration reported a larger-than-expected storage withdrawal for the week to Jan. 13. EIA data showed natural gas stockpiles ended up 243 Bcf lighter for the reporting week, which was more than the 229 Bcf a Wall Street Journal survey had projected, as well as Bentek's 238 Bcf estimate. The pull was also very bullish compared to last year's 175 Bcf for the same week and the 170 Bcf five-year average. Storage inventories now stand at 2,917 Bcf, as the deficits to last year and the five-year average widened. The Feb17 NYMEX gas contract was trading about four cents below Wednesday's close all morning until the EIA report was released. The prompt month popped up six cents on the news and continued to rise slowly throughout the afternoon, eventually settling at \$3.368/MMBtu, up 6.6 cents on the day. The current projection for the end-of-season storage level is 1.82 Tcf.

Bullish Factors

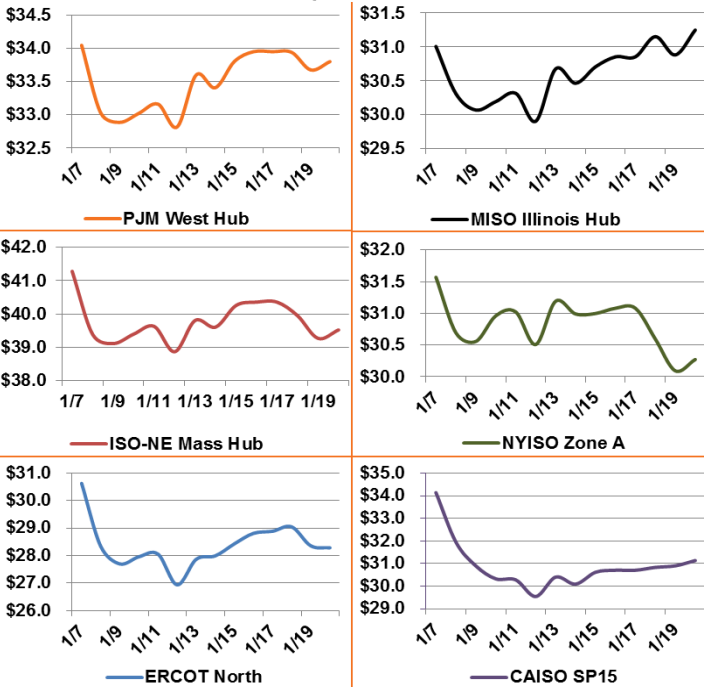
- Meandering production
- Exports to Mexico at record high
- Growing LNG exports

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 1/20/2017)

ISO-NE Mass Hub \$34.60	MISO Indiana Hub \$34.33	NYISO Zone G \$35.50
PJM West Hub \$33.24	ERCOT North \$21.01	CAISO SP15 \$32.68
NYMEX NG	Close	Change
Feb-17	3.368	0.066
Mar-17	3.360	0.066
12 Month	3.459	0.057
Bal 17	3.438	0.058
Cal 18	3.128	0.014

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,917	3,160	3,348	2,995
Diff v. Current		-243	-431	-77
% Diff			-12.9%	-2.6%

