

**Early Morning Update:**

The Feb17 natural gas contract is trading up \$0.09 at \$3.33. The Feb17 crude contract is down \$0.35 at \$53.11.

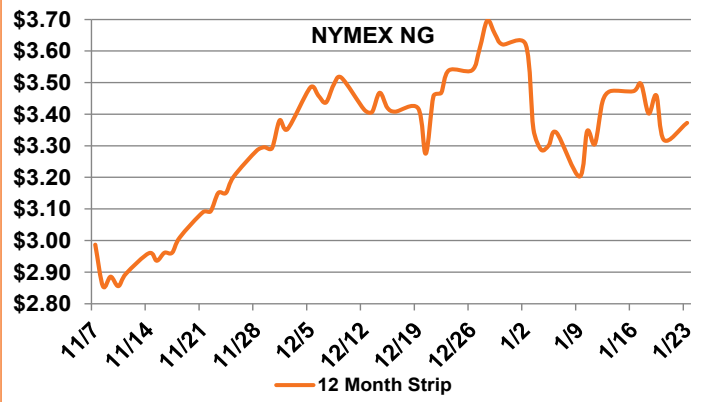
**Summary:** Speculative buying sparked a four cent rise in the natural gas prompt month to settle at \$3.243/MMBtu on Monday. Intra-day trading dipped below \$3.15 for only the third time since November, possibly dampened by the deteriorating odds of significant winter gas demand. However, future supply concerns still linger from 2016 production cut-backs and international exports on the horizon. Rapidly fluctuating fundamentals have abated over the past three weeks, with oscillations range-bound between \$3.10 and \$3.40. Weather forecasts are showing to be average to slightly below for the next two weeks, likely keeping storage numbers tied closely to 5-year average levels. The 12-month strip is up nearly six cents on the day, Cal18 is up two cents to \$3.09, and 2019-2022 all remain very close to \$2.90. Future gas prices may prove to be affected by the moratorium on new regulation ordered by the Trump administration on Friday. Relaxing environmental and financial regulations could bolster the oil and gas sector, with the main intent to boost American job creation and eliminate the nation's dependence on foreign energy.

**Bullish Factors**

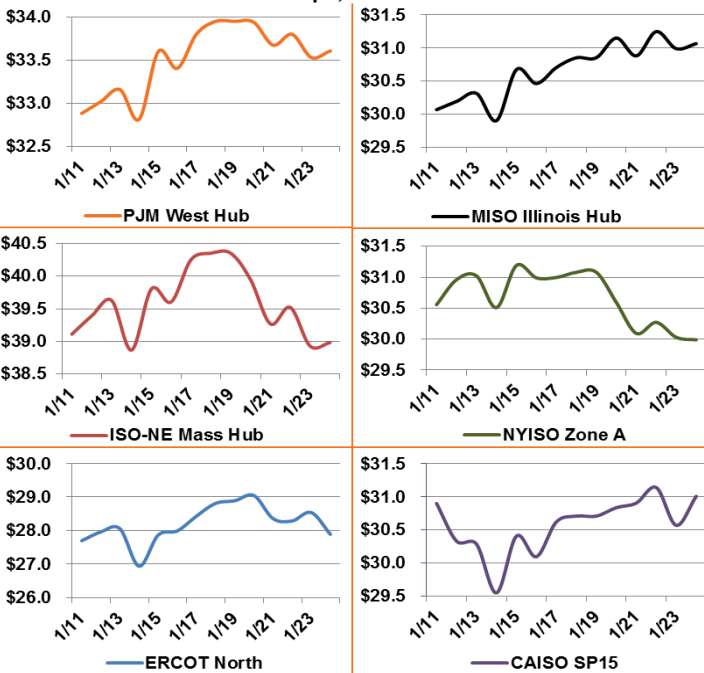
- Meandering production
- Exports to Mexico at record high
- Growing LNG exports

**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 1/24/2017)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$34.70 | <b>MISO Indiana Hub</b><br>\$35.96 | <b>NYISO Zone G</b><br>\$37.72 |
| <b>PJM West Hub</b><br>\$30.82    | <b>ERCOT North</b><br>\$20.50      | <b>CAISO SP15</b><br>\$37.74   |
| <b>NYMEX NG</b>                   | <b>Close</b>                       | <b>Change</b>                  |
| Feb-17                            | 3.243                              | 0.039                          |
| Mar-17                            | 3.257                              | 0.046                          |
| 12 Month                          | 3.373                              | 0.055                          |
| Bal 17                            | 3.351                              | 0.055                          |
| Cal 18                            | 3.092                              | 0.019                          |

**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>                      | 2,917            | 3,160            | 3,348            | 2,995              |
| <b>Diff v. Current</b>            |                  | -243             | -431             | -77                |
| <b>% Diff</b>                     |                  |                  | -12.9%           | -2.6%              |

