

Early Morning Update:

The Feb17 natural gas contract is trading up \$0.01 at \$3.29. The Feb17 crude contract is down \$0.48 at \$52.70.

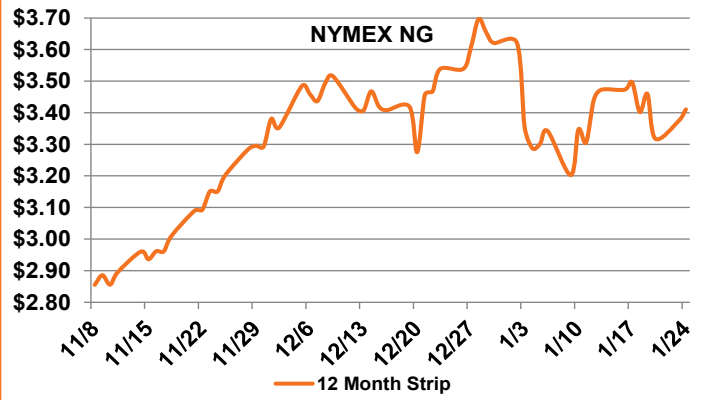
Summary: Yesterday, the Feb17 natural gas contract settled at \$3.279/MMBtu, up 3.6 cents for the day. The prompt month had traded as high as \$3.350/MMBtu, but upside was limited as traders considered expectations for below-average storage withdrawals in the next two EIA reports. The National Weather Service revised their 8-14 day outlook from warmer to cooler for the northeast U.S. Rapidly changing weather forecasts have limited near-term sustained price moves in either direction for most of the winter. NYMEX calendar strips for 2019-2022 continue to hover close to \$2.90 MMBtu, providing a 50 cent discount in 2019 to the 12 month strip, which is currently trading at \$3.41/MMBtu.

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

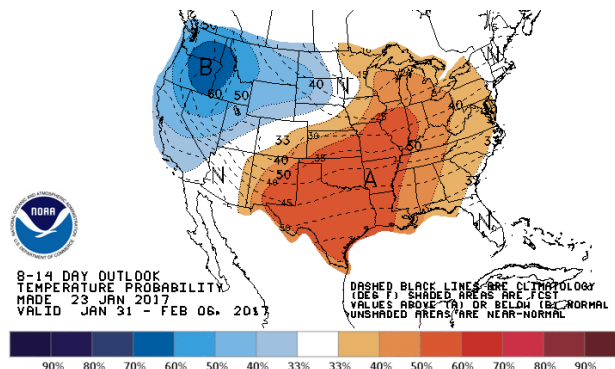
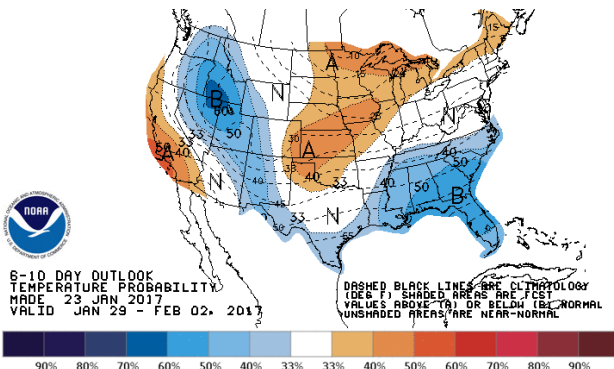
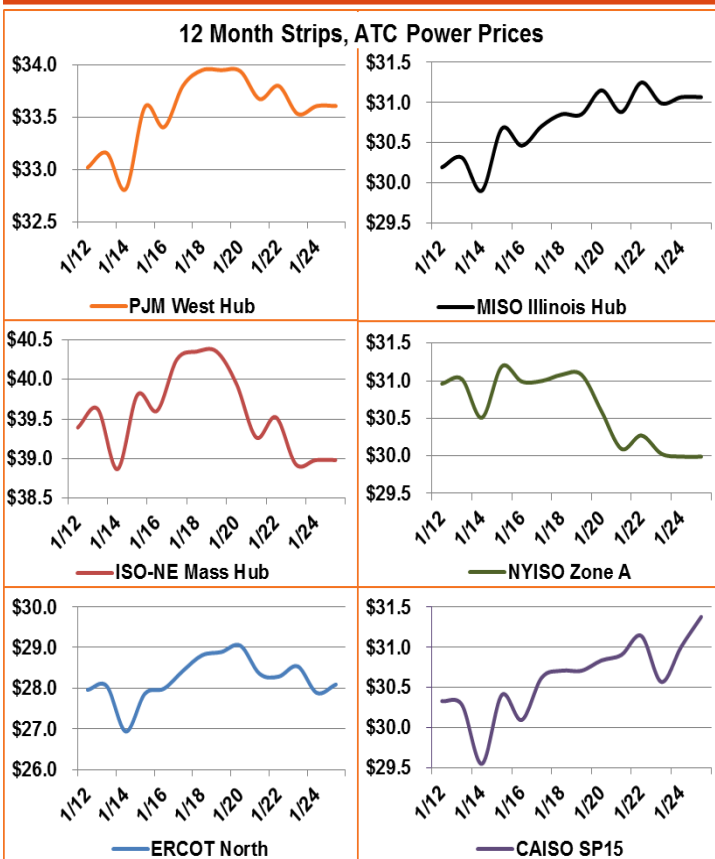


Next Day On-Peak Power (traded for 1/25/2017)

ISO-NE Mass Hub \$32.52	MISO Indiana Hub \$41.09	NYISO Zone G \$33.18
PJM West Hub \$29.15	ERCOT North \$24.75	CAISO SP15 \$37.62
NYMEX NG	Close	Change
Feb-17	3.279	0.036
Mar-17	3.295	0.038
12 Month	3.411	0.038
Bal 17	3.389	0.038
Cal 18	3.095	0.003

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%



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