

Early Morning Update:

The Mar17 natural gas contract is trading down \$0.12 at \$3.06. The Mar17 crude contract is up \$0.17 at \$53.71.

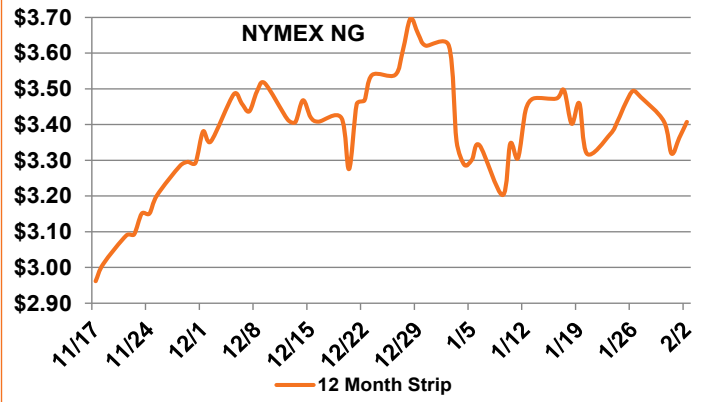
Summary: The NYMEX prompt month finished up \$.019 to close the day at \$3.187. The market started the day lower and gradually moved higher throughout the morning, and continued to move higher after the storage report. The EIA reported a draw from storage of 87 bcf, in-line with expectations, but the market moved higher after the report anyway. The prompt month eventually got as high as \$3.209 before giving up some ground to end the day. The near term NG markets are having a hard time sustaining upward movement due to the most recent weather forecasts which show above-average temperatures for most of the country through the end of the month. Weather forecasts have been volatile but the latest round are overwhelmingly bearish and this has been pressuring the front of the NG curve. The latest round of estimates for end-of-season storage call are near 1.8 Tcf, near the 5-year average.

Bullish Factors

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

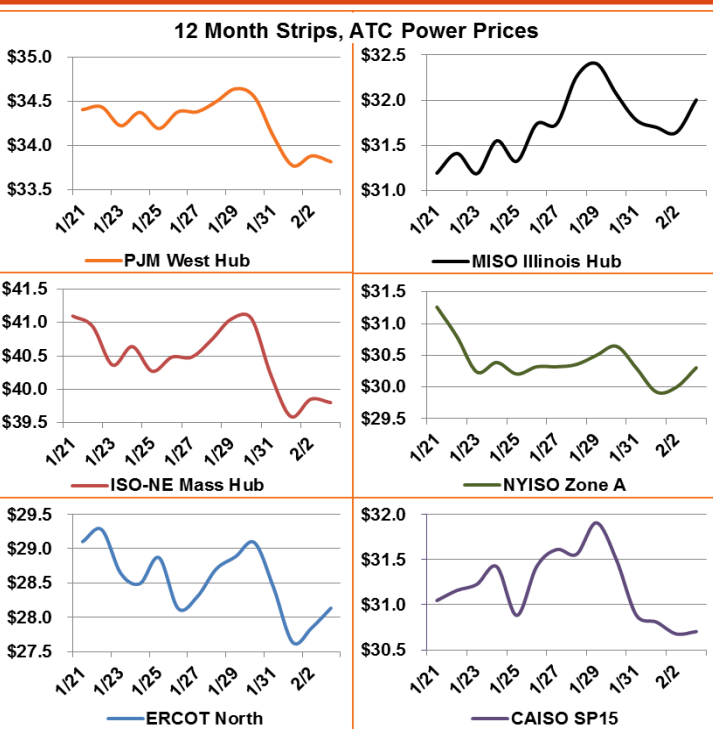
Bearish Factors

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



Next Day On-Peak Power (traded for 2/3/2017)

ISO-NE Mass Hub \$43.26	MISO Indiana Hub \$33.10	NYISO Zone G \$42.75
PJM West Hub \$33.31	ERCOT North \$26.00	CAISO SP15 \$29.88
NYMEX NG	Close	Change
Mar-17	3.187	0.019
Apr-17	3.245	0.031
12 Month	3.407	0.045
Bal 17	3.361	0.043
Cal 18	3.123	0.031



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,711	2,798	2,977	2,652
Diff v. Current		-87	-266	59
% Diff			-8.9%	2.2%

