

**Early Morning Update:**

The Mar17 natural gas contract is trading down \$0.05 at \$3.01.  
The Mar17 crude contract is down \$0.13 at \$53.70.

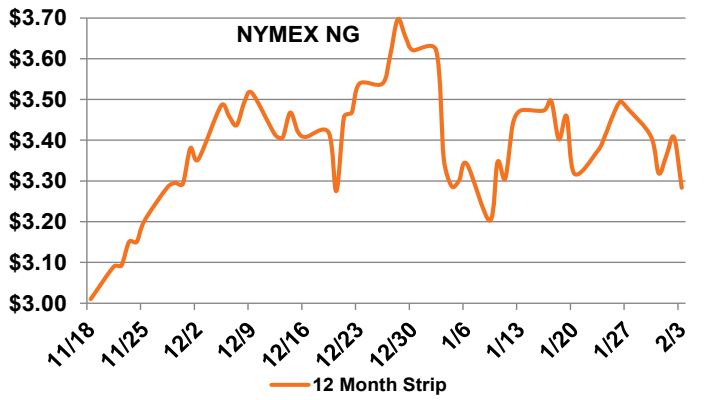
**Summary:** The current February weather forecast looks to be a copy of January, which registered as the 6th warmest on record since 1950. As a result, much of the trading focus has shifted towards the shoulder months of springtime. The March delivery contract opened flat from Friday's close this morning at \$3.06/MMBtu, which is now down 12 cents (4%) since its debut, but is already headed lower and looks to challenge the \$3.00 technical support level. Mild weather has reduced the rate of erosion of natural gas stockpiles, which have flipped to a surplus compared to the five-year average. For those who are bullish, hope remains for an early February cold injection in the Midwest and Pac-Northwest, potentially bringing end-of-season inventories back below the five year average to a still healthy 1.74-1.8 Tcf. The lagging fear of next year's winter has kept 2018 Q1 power prices propped up nationwide, while (outside of New England) the majority of outer calendar strips are within 10% of all-time lows.

**Bullish Factors**

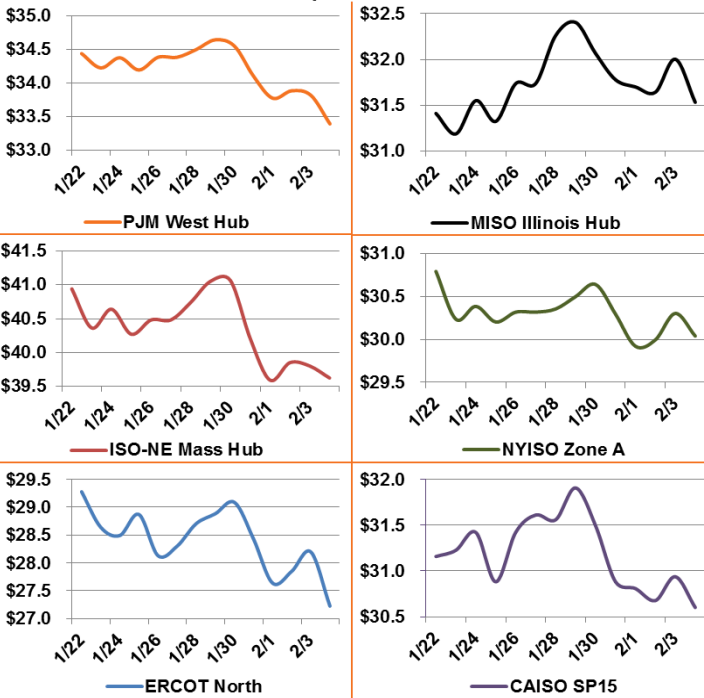
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**Bearish Factors**

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



**12 Month Strips, ATC Power Prices**



**Next Day On-Peak Power (traded for 2/6/2017)**

<b>ISO-NE Mass Hub</b> \$38.34	<b>MISO Indiana Hub</b> \$28.47 2/4/17	<b>NYISO Zone G</b> \$37.00
<b>PJM West Hub</b> \$28.98	<b>ERCOT North</b> \$23.00	<b>CAISO SP15</b> \$31.75
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Mar-17	3.063	-0.124
Apr-17	3.116	-0.129
12 Month	3.283	-0.124
Bal 17	3.234	-0.127
Cal 18	3.063	-0.060

**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>	2,711	2,798	2,977	2,652
<b>Diff v. Current</b>		-87	-266	59
<b>% Diff</b>			-8.9%	2.2%

