

**Early Morning Update:**

The Mar17 natural gas contract is trading down \$0.11 at \$3.02. The Mar17 crude contract is up \$0.86 at \$53.86.

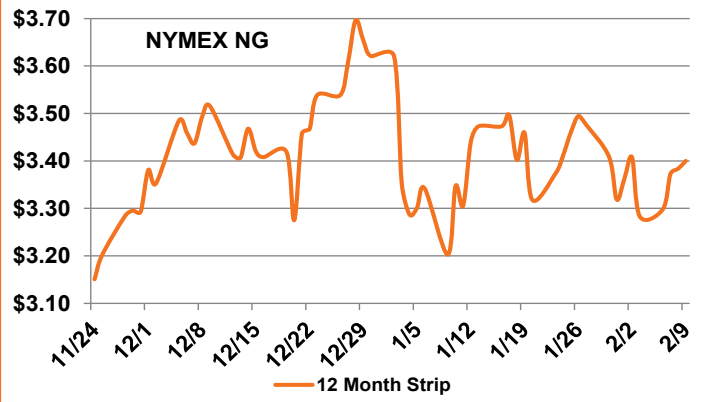
**Summary:** A quiet day on the NYMEX as the prompt NG contract finished up \$0.015 to close the day at \$3.141. The EIA reported a -147 draw from storage but at the same time, reclassified 5 Bcf of gas, with the net effect being a -152 draw, exactly in-line with estimates. The market opened the day up \$0.04 but very slowly slid throughout the day, at one point reaching \$3.11 before rebounding slightly. Weather forecasts are still indicating above-average temperatures for most of the country through the end of February. This has raised end-of-season storage estimates to roughly 1.82 Tcf. However with weak production levels continuing, early end-of-season estimates are falling below 5-year averages at 3.6 Tcf. The prospect of going into next winter with storage levels below historic averages has been keeping the Cal '18 elevated relative to Cals '19-'23.

**Bullish Factors**

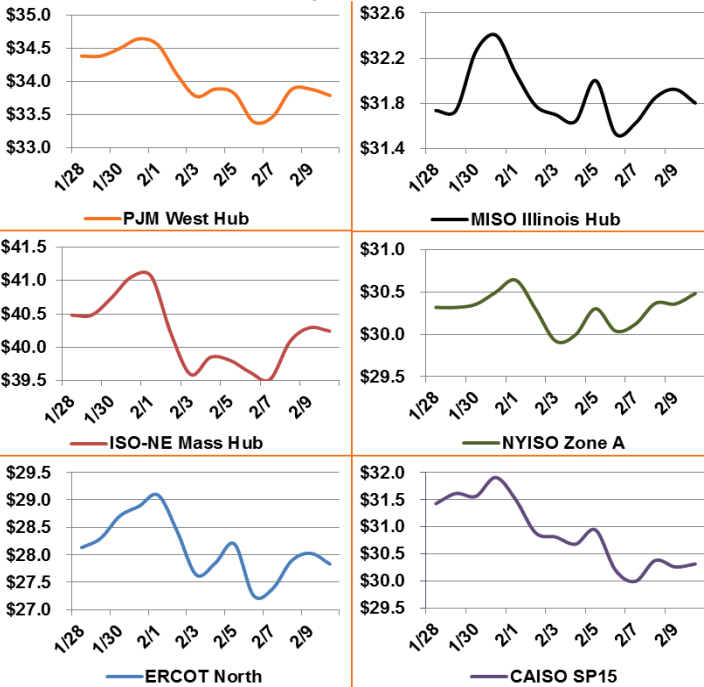
- Stagnant production
- Exports to Mexico at record high
- Growing LNG exports

**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 2/10/2017)**

<b>ISO-NE Mass Hub</b> \$52.79	<b>MISO Indiana Hub</b> \$35.31	<b>NYISO Zone G</b> \$48.45
<b>PJM West Hub</b> \$36.81	<b>ERCOT North</b> \$18.68	<b>CAISO SP15</b> \$28.85
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Mar-17	3.141	0.015
Apr-17	3.209	0.013
12 Month	3.400	0.016
Bal 17	3.351	0.017
Cal 18	3.120	0.007

**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>	2,559	2,711	2,884	2,514
<b>Diff v. Current</b>		-152 (-147)	-325	45
<b>% Diff</b>			-11.3%	1.8%

