

Early Morning Update:

The Mar17 natural gas contract is trading down \$0.12 at \$2.70.
The Mar17 crude contract is up \$1.00 at \$54.40.

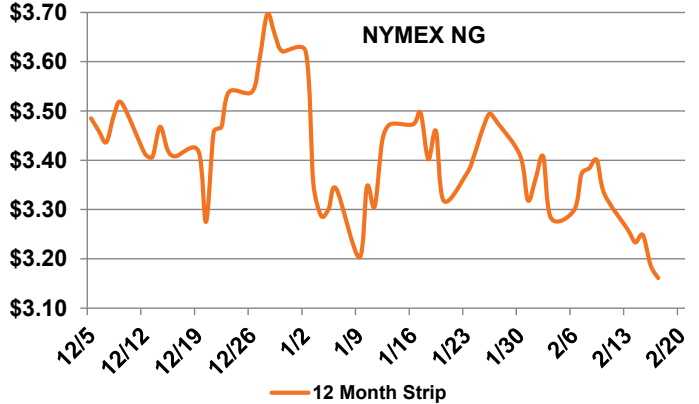
Summary: Ahead of the widespread warmth expected over the holiday weekend, the March prompt month dropped 2 cents to \$2.834. The latest weather forecasts look to start March with a nationwide weather divide, showing a warmer than average East and colder than average West. This weekend also saw withdrawal season records of supply and demand set. Production hit a 2017 high of 71.3 bcf on Sunday, but has since fallen off slightly to 71.1 bcf. In contrast, U.S. demand set a winter-to-date low of 66.1 bcf on Sunday, depressed by the late spring-like temperatures seen across the entire country. Demand is expected to rise again through the next two weeks, while production is expected to stay stable around 71 bcf/d. These newly achieved supply and demand levels should help bolster the surplus to the five-year average natural gas storage numbers as we move closer to the end of withdrawal season.

Bullish Factors

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

Bearish Factors

- Record warm weather
- Producer hedging
- Less coal-to-gas switching



Next Day On-Peak Power (traded for 2/21/2017)

ISO-NE Mass Hub \$28.00	MISO Indiana Hub \$29.51	NYISO Zone G \$32.46
PJM West Hub \$26.06	ERCOT North \$20.44	CAISO SP15 \$27.83
NYMEX NG	Close	Change
Mar-17	2.834	-0.020
Apr-17	2.951	-0.020
12 Month	3.161	-0.026
Bal 17	3.108	-0.026
Cal 18	3.002	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,445	2,559	2,748	2,358
Diff v. Current		-114	-303	87
% Diff			-11.0%	3.7%

