

Month	Settle	12/27/2017	Strip Avg.
Jan-18	2.738	Q1 2018	2.723
Feb-18	2.732	Apr18-Oct18	2.694
Mar-18	2.699	Nov18-Mar19	2.932
Apr-18	2.635	Apr19-Oct19	2.675
May-18	2.643		
Jun-18	2.685	Calendar 2018	2.729
Jul-18	2.726	Calendar 2019	2.777
Aug-18	2.729	Calendar 2020	2.799
Sep-18	2.710	Calendar 2021	2.846
Oct-18	2.733	Calendar 2022	2.889
Nov-18	2.794	Calendar 2023	2.931
Dec-18	2.924	Calendar 2024	2.974

NEXT DAY GAS PRICES (ICE weighted average):

TRAN Z6 (NY)	16.3590	Henry Hub	2.7543	Dom-SP	2.3371
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	12/27/2017	Dominion-South Basis	
Jan-18	-0.4625	Jan-18	-0.4625
Feb-18	-0.4050	Feb-18	-0.4300
Mar-18	-0.4425	Mar-18	-0.4500
Apr18-Oct18	-0.6171	Apr18-Oct18	-0.5846
Calendar 2018	-0.5642	Calendar 2018	-0.5471
Calendar 2019	-0.5646	Calendar 2019	-0.5496
Calendar 2020	-0.6269	Calendar 2020	-0.5913
Calendar 2021	-0.6579	Calendar 2021	-0.6167
Calendar 2022	-0.6654	Calendar 2022	-0.6098
Calendar 2023	-0.6233	Calendar 2023	-0.5904

Market Commentary: Timing is everything, as the saying goes, and this year it just so happens that the market's ability to trade at a premium in anticipation of a cold winter reached its limit just as the very phenomenon that had kept it well bid ahead of winter went away. That is to say that fear about the market's ability to meet supply this winter seems to have kept prices up just long enough for the producers to step up supply, and that came to light just before the first real cold of the season set in, but by then uncertainty around supply had been alleviated. Currently conditions in the East are bitterly cold and that is expected to continue for the next week or so, which is keeping cash markets in the Northeast extremely well bid, with prices in New England topping 50 dollars at one hub intraday yesterday, and one TGP hub saw a daily average close to 40 dollars per MMBtu for today's gas day. While things moderated somewhat in today's cash trade for delivery tomorrow, prices were still in the 20's at several hubs today, even as the benchmark Henry Hub in Erath, LA saw a daily average of just 2.75. Things kicked off on an up note two nights ago for the weekly Globex open, which this week occurred on Christmas Day at 18:00, and natural gas gapped higher on the chart for the third consecutive week, and for the third consecutive week sellers had eradicated that premium by the next morning, as the market's inability to hold onto any rally of significance was confirmed once more. Dry gas production has surpassed 77 Bcf/day in recent weeks and seems to be holding, and

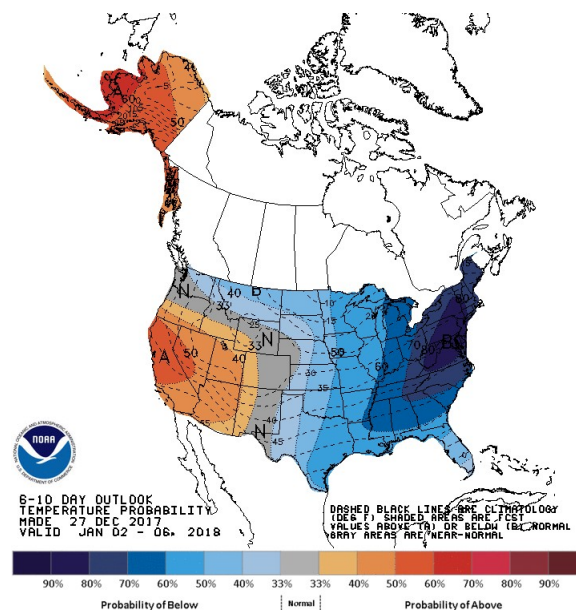
NYMEX NG 480-MIN CHART 12/15/2017 - 12/27/2017



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As of Week Ending:	12/15/2017	Build/(Draw)
Current Storage	3,444 Bcf	(182) Bcf
		Surplus/(Deficit)
Last Year Storage	3,627 Bcf	(183) Bcf
5-Year Avg. Storage	3,528 Bcf	(84) Bcf

that seems to be preventing NG prices from embarking on any sustained run to the upside, although interestingly the traded market for End of Season carryout into summer in April has come down by more than 150 Bcf in recent weeks and is currently pegged at just 1,400 Bcf on ICE. The key technical zone we highlighted in our mid-Dec report in the 2.50's did indeed hold on multiple tests of support, most recently trading down to 2.598 just last night, before rallying sharply over the course of today's session into this afternoon's monthly termination for the Jan18 contract. The 2.75 area that Jan settled near has acted as a chart resistance zone in recent weeks, and if the now prompt Feb18 contract can close above it that should set the tone for a move higher back closer to 3.00, with resistance pegged in the upper 2.80's and then a few cents either side of the 3.00 level if we can take that out. A breach of the 2.57 low from last week opens the door for a resumption of the bearish trend and could see prices tumble back toward 2.25 fairly quickly, but such a development would likely result from an abnormally warm weather forecast were one to emerge in tandem with the current rather loose supply/demand balance that has developed in recent weeks. The 6 to 10 day outlook from NOAA below shows much below normal temps expected to persist in the East, but the 8 to 14 day outlook is less bullish and the market seems to be focused on that and the growth in supply instead.



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