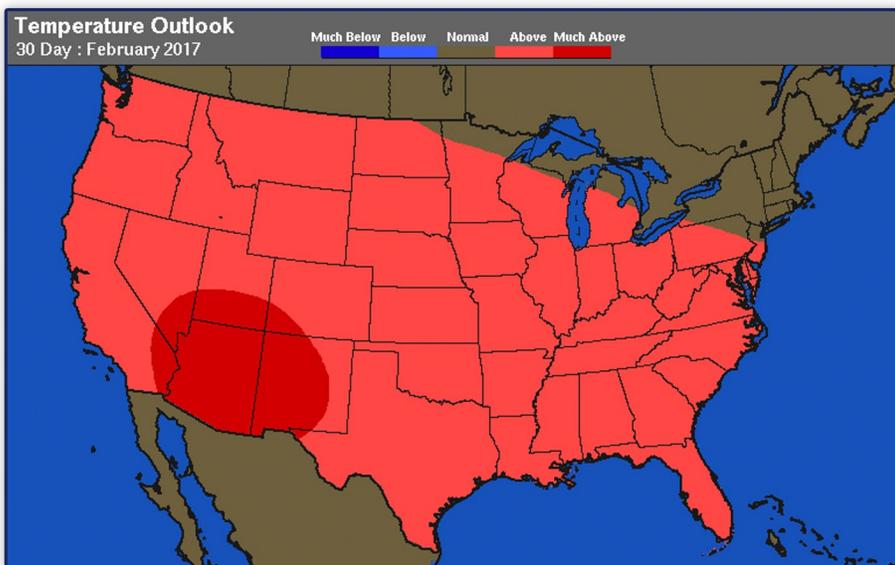


### Market Summary

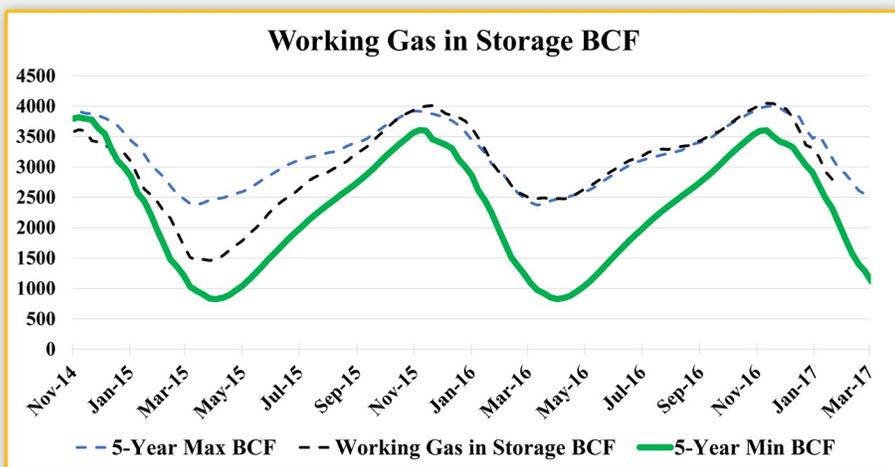
Despite an uncertain legislative environment, forecasts for the remainder of winter point to warmer-than-normal temperatures and have resulted in the lowest prices of 2017.

## Weather



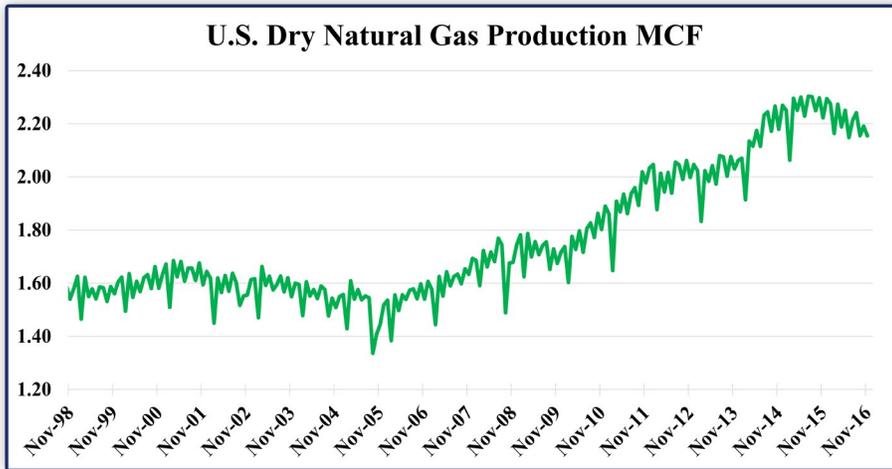
- Natural gas prices surged nearly 60% in 2016 - the most of any energy product.
- Weather resulted in \$3.90 gas at the end of December. Prices collapsed to \$3.10 in early January, then rose to \$3.30 - all due to wavering demand dependent upon fluctuating weather.
- End of January pricing saw flip flops with continued volatile weather.
- With winter weather subsiding, February prices drop to two-month low as demand spikes decrease and warmer-than-normal weather expected across key regions for the rest of winter.

## Storage



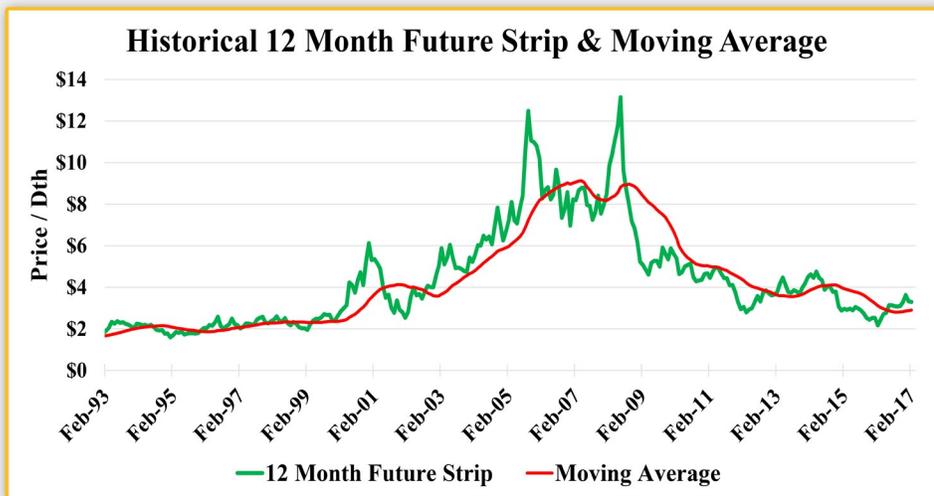
- Working gas stocks remain below five-year average in select regions.
- Following strong net withdrawals in December, working gas stocks post relatively small withdrawals in January.
- Net withdrawals from working gas totaled 87 Bcf. Working natural gas stocks are 2,711 Bcf, which is 9% less than the year-ago level and 2% greater than the five-year average.

# Production



- Three key production states have increased drilling. Pennsylvania added one rig week over week and is currently 10 rigs higher than this time last year. Ohio increased two rigs and West Virginia added nine rigs.

## Pricing



## Bidweek

Month	SCG	NYMEX
Oct.	\$2.95	\$2.952
Nov.	\$2.88	\$2.764
Dec.	\$3.63	\$3.232
-----		
Jan.	\$3.92	\$3.930
Feb.	<b>\$3.53</b>	<b>\$3.391</b>

Prices per Mmbtu.

## Noteworthy

- Secretary of Energy nominee Rick Perry governed Texas, which leads the nation in renewable energy. Wind from Texas contributes 25% of the nation's total wind generation. Texas also leads production of natural gas and oil. Will the same mix apply to the U.S. energy profile?
- Natural gas prices in 2016 were their lowest in nearly 20 years - primarily due to spring lows not seen since 1999.
- Aliso Canyon storage facility may reopen after scheduled public hearings. It may only hold 1/3 as much natural gas as it did before the leak, with gas set out for delivery to customers also limited.
- Increased demand and reliance on Mexico as a trading partner for energy and other goods is in jeopardy as relations sour between U.S. and Mexico.