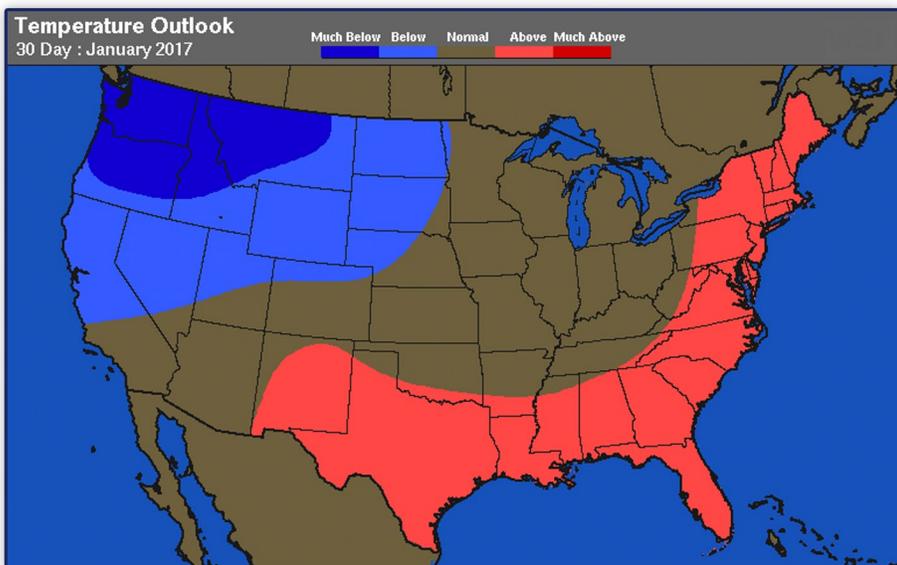


### Market Summary

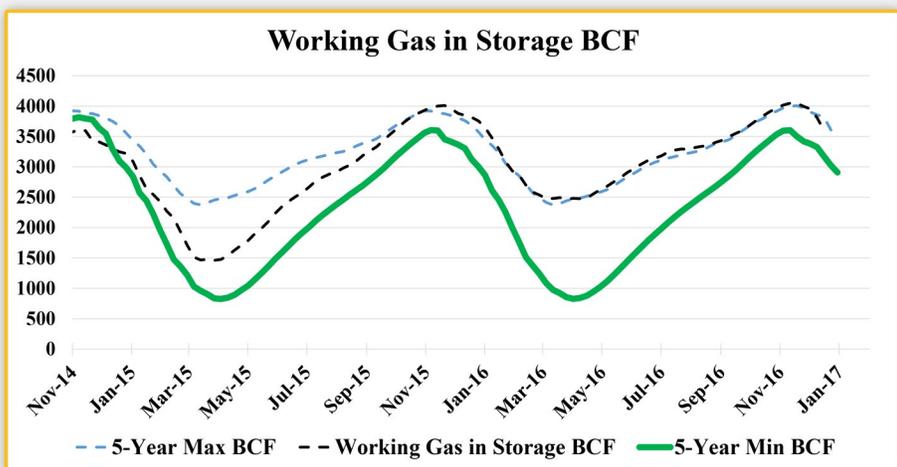
December 2016 prices reached highs not seen since winter 2014. Warm weather forecasts are set to bring relief in the New Year as the United States preps to become a net exporter of natural gas in 2017.

## Weather



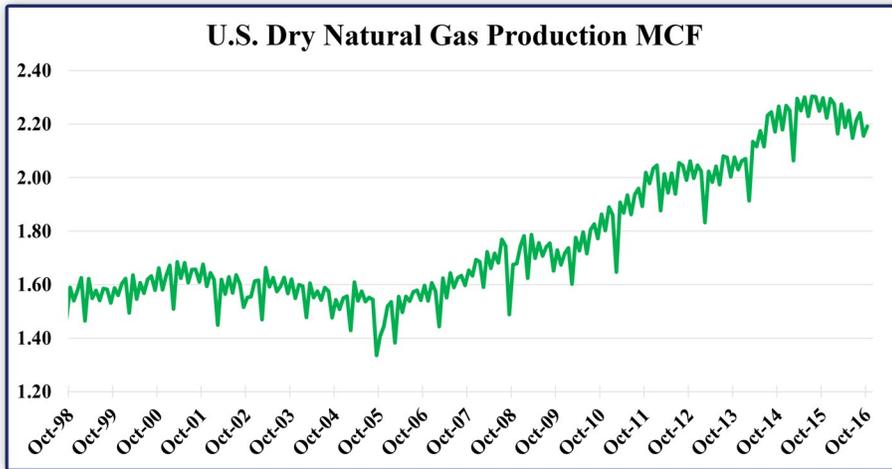
- Prices hit 2-year highs not seen since December '14 as cold fronts boosted demand and stockpiles declined – prices up 68% for the year.
- Cold weather patterns caused increase of \$0.65 cents in less than 2 weeks.
- Market gains are largest for any year since 2005, making natural gas the best performing commodity of 2016.
- Early January saw prices drop 17% and hit 2-week low as warmer weather forecasts take effect for next 2 weeks.

## Storage



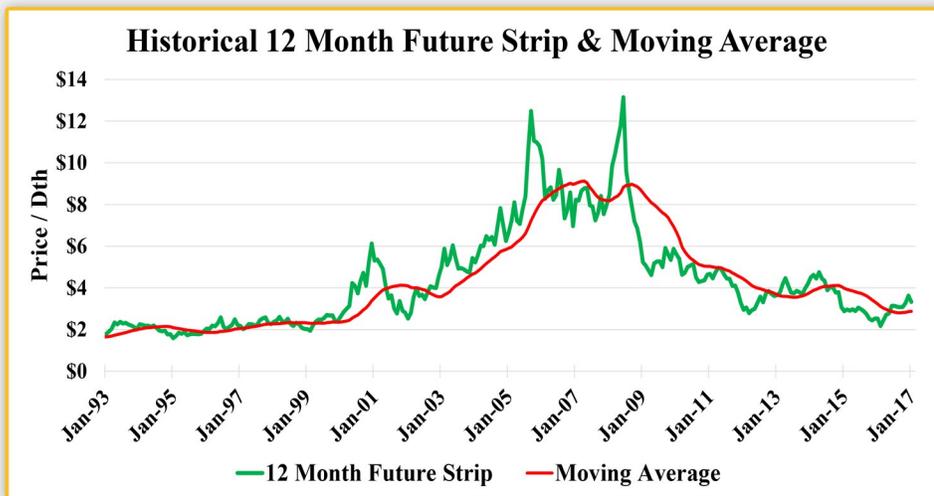
- December began with 51 Bcf higher than a year ago.
- Net withdrawals totaled 209 Bcf, leaving working gas stocks at 3,597 Bcf.
- Levels are 6% below the year-ago level and 2% above the 5-year average.

# Production



- United States set to be net exporter of natural gas in 2017.
- Mexico increasing imports of natural gas as it modernizes its energy sector – pipeline exports to Mexico rose 25% in August compared with a year ago.

## Pricing



## Bidweek

Month	SCG	NYMEX
Sept.	\$2.89	\$2.853
Oct.	\$2.95	\$2.952
Nov.	\$2.88	\$2.764
Dec.	\$3.63	\$3.232
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Jan.	<b>\$3.92</b>	<b>\$3.930</b>

Prices per Mmbtu.

## Noteworthy

- Trump's promise for coal may be undermined by EPA, Secretary of State, and Energy Secretary picks who have all been big proponents of natural gas.
- Utility-scale solar PV power added more than 9 Gw of capacity to grid in 2016 – most dominant new fuel source for first time in a calendar year (natural gas with 8 Gw).
- Natural gas-related employment in Pennsylvania more than doubled in last 9 years due to shale gas plays.
- New York banned fracking 2 years ago but recent studies show natural gas use in New York is increasing by 18%, with gas having to be imported from other shale fracking areas.