

## Blake Baxter

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**Subject:** FW: MEP Weekly Gas Update - 1-12-2017  
**Attachments:** MEP Gas Storage Chart 2017 1 12.pdf; NG Price Curve 2017 01 12.pdf

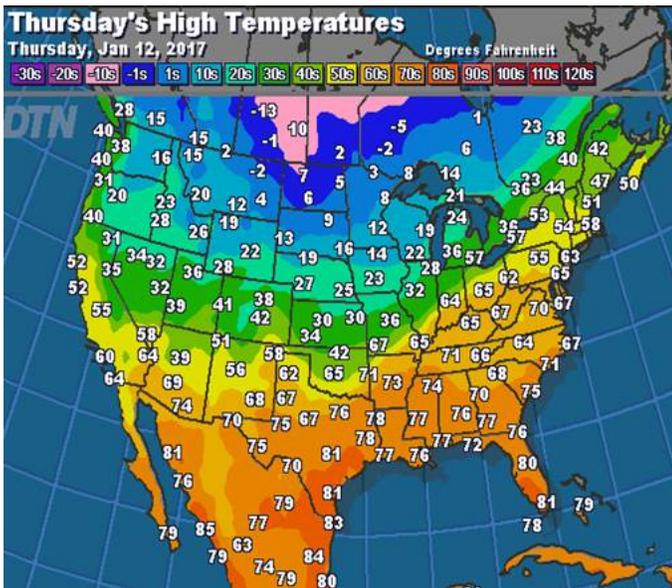
**From:** Blake Baxter  
**Sent:** Thursday, January 12, 2017 5:33 PM  
**Subject:** MEP Weekly Gas Update - 1-12-2017

### **Natural gas is currently trading at \$3.386 per Dth**

Hello Wisconsin. Nancy and I are back from visiting the German side of our family. Nothing quite like real candles on Christmas trees, Frohliche Weihnachten festivals and hot gluewein (definitely an acquired taste). And I still love the German rail system that allowed us to bounce around and sight see while we were there. My personal favorite on this trip was the Aachen Cathedral which is the burial site of Charlemagne. Originally, a part of the cathedral was part of his palace complex and it is just magnificent.



As much as I enjoy traveling it is always good to get home (even if it was ridiculously cold here). In fact we often kidded German friends that we had come there to enjoy the weather. And while we were gone everything in the gas markets seemed to be about weather. Right now it looks like the NOAA boys have had this winter pegged so far. Cold in the Midwest and warm to normal in the South much like the forecast for today.

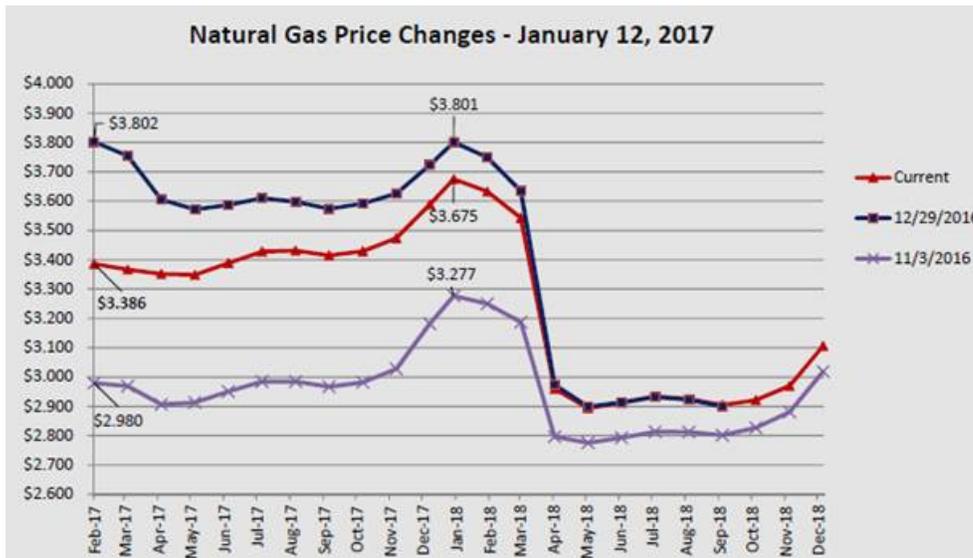


It is cold enough in Chicago and the Midwest to keep us consuming gas, but warm enough in the northeast to keep us from consuming too large of quantities of our stockpiles. While December saw us consume twice as much inventory as last year, it is doubtful that we will match last year's January gas consumption numbers (locally we are currently looking at 40's F toward the end of next week). This constant swing in the weather forecasts has had the market riding an unusually large rollercoaster with gas hitting \$3.93 /Dth at the expiration of the January contract and then seeing the February contract plummeting to \$3.103 /Dth on January 9th. The key question is whether this winter will persist? While January is looking weak year-on-year, both February and March of last year were warm and saw low withdrawals from storage inventory. NOAA seems to think that it will persist, at least for our part of the country, so how the gas inventories will end this winter is still a wild card.

In that theme, today's reported withdrawal of -151 BCF was slightly above expectation, so that combined with a sentiment that gas was cheap, sent gas back up 16.2 cents to close at \$3.386 /Dth.



With gas coming off the January 9<sup>th</sup> bottom, the 2017 Calendar strip was up 16 cents week-on-week to close at \$3.462 /Dth. The 2017/18 Winter strip was up 15.3 cents to \$3.583 /Dth while the 2018 Calendar strip was up 7.5 cents for the week to close at \$3.115 /Dth. And speaking of rollercoasters just look at the drop from winter 2018 to the summer 2018.



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We are also available on **Twitter** at **@MEPNatGas** with updates on natural gas prices as well as national & Wisconsin gas industry news.

Blake



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