



## Bullish

Driving Prices Up

### Short-Term

#### Natural Gas Storage—Supply

- ◆ The injection of 64 Bcf was in line with predictions. Currently, storage stands at 3,710 Bcf, which is 5% less than year-ago levels and 1% less than the five year average.

#### Economy—Demand

- ◆ September's PMI came in at a 60.8%, up 3.4% from August. The overall economy grew for the 100th consecutive month.

### Long -Term Drivers

#### Prices in '18

- ◆ EIA predicts higher pricing due to a more normal winter than the previous 2 years, rising demand in LNG exporting and pipeline exporting to Mexico.

#### Export Growth to Mexico

- ◆ Platts Analytics predicts US natural gas exports to grow by 58% by 2021—2016 averaged 2.1 Bcf/d, an additional 5.7 Bcf/d is expected to be added by 2021.

#### LNG Growth (Liquified Natural Gas)

- ◆ First LNG shipments began in March 2016 Platts Analytics predicts exports of 10.1 Bcf/d by 2020.

## Bearish

Driving Prices Down

### Short-Term

#### Natural Gas Drilling – Supply

- ◆ Baker Hughes reports natural gas rig count currently at 177, down 8 from last week and up more than 64% from last year at this time.

#### Natural Gas—Demand / Supply Balance

- ◆ Demand was 69 Bcf and supply was 80 Bcf, as mild weather persists.

#### Weather—Demand

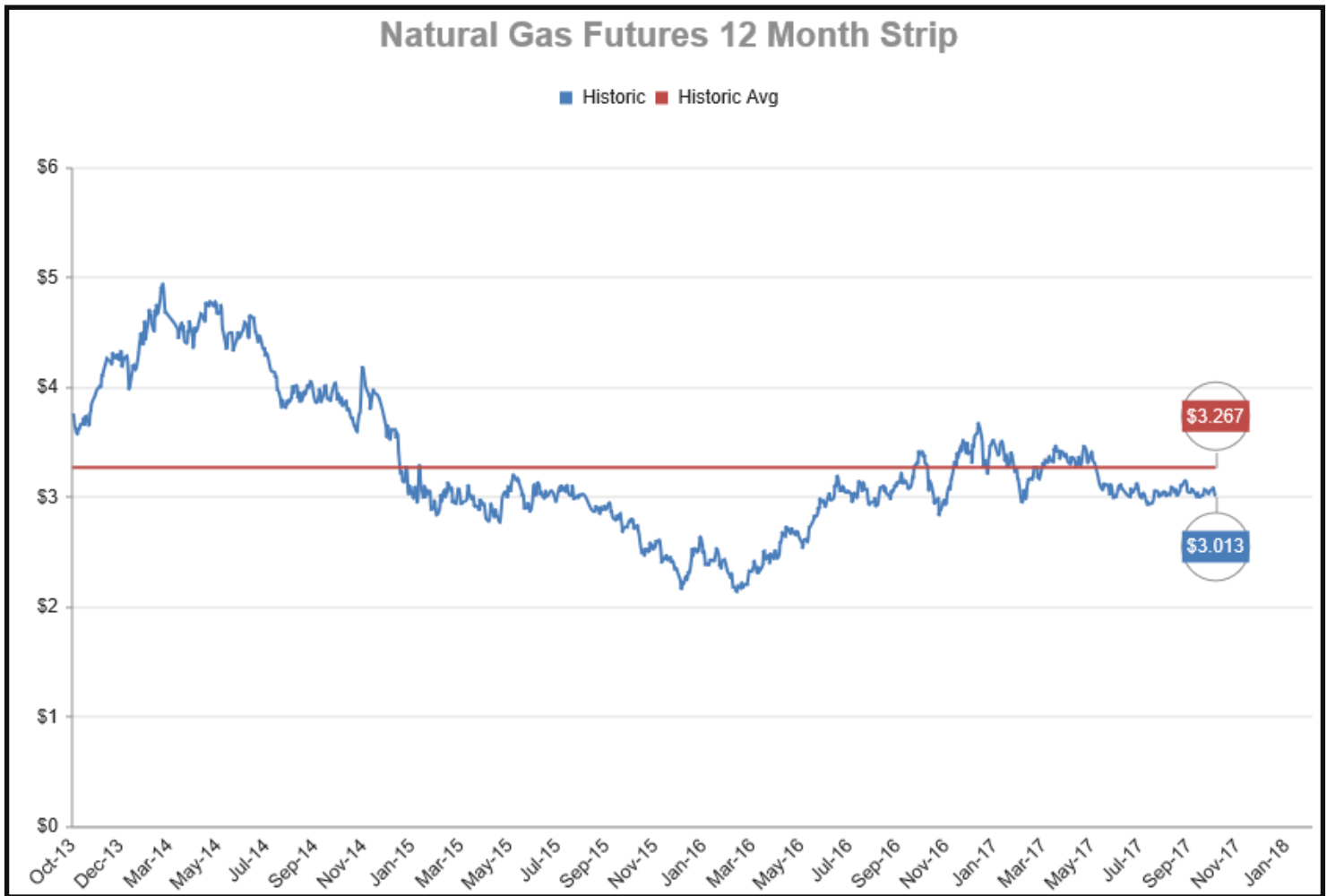
- ◆ Temperatures averaged 61° Fahrenheit, which was 4° above normal.

### Long -Term Drivers

#### Wind Generation

- ◆ Capacity to grow more than 20% by 2019. The second most installed capacity in the nation occurred Q4 2016. Texas led the nation in projects and is home to half of the slated projects.

**Current Market Pricing — Announced coal plant closings tried to push prices up, but warm weather kept the market in check.**



**Future Price — Predictions of a colder winter, more exporting to Mexico & rising LNG export volume has the EIA predicting higher prices in '18.**

