

MARKET UPDATE

1/7/17



David Bruce, PH: 630-677-9899, email: dbruce@degi.biz

Market News

Market Recap - Natural gas spot prices fell at most locations this report week (Wednesday, December 14 to Wednesday, December 21). The Henry Hub spot price fell from \$3.52 per million British thermal units (MMBtu) last Wednesday to \$3.48/MMBtu yesterday. At the New York Mercantile Exchange (Nymex), the January 2017 contract remained flat Wednesday to Wednesday at \$3.542/MMBtu.

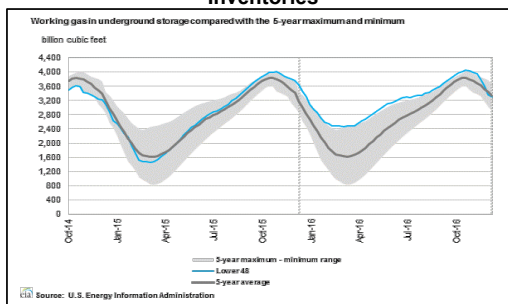
Storage Report - Working gas in storage was 3,311 Bcf as of Friday, December 30, 2016, according to EIA estimates. This represents a net decline of 49 Bcf from the previous week. Stocks were 364 Bcf less than last year at this time and 21 Bcf below the five-year average of 3,332 Bcf.

Word on the Street - February Henry natural gas closed higher due to short covering on Friday as it consolidates some of this week's decline. The mid-range close sets the stage for a steady to higher opening when Monday's night session begins trading. Stochastics and the RSI are oversold but remain neutral to bearish signaling that sideways to lower prices are possible near-term. If February extends this week's decline, the reaction low crossing at 3.067 is the next downside target.

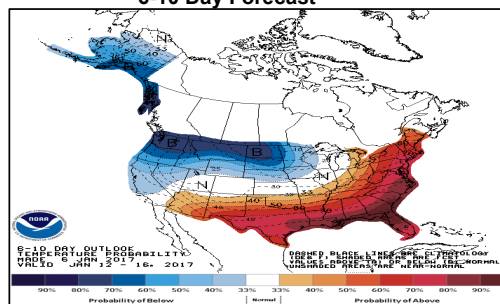
Observations - Overall U.S. energy consumption remains relatively flat in the Reference case, rising 5% from the 2016 level by 2040 and somewhat close to its previous peak. Varying assumptions about economic growth rates or energy prices considered in the AEO2017 side cases affect projected consumption.

- Natural gas use increases more than other fuel sources in terms of quantity of energy consumed, led by demand from the industrial and electric power sectors.
- Petroleum consumption remains relatively flat as increases in energy efficiency offset growth in the transportation and industrial activity measures.
- Coal consumption decreases as coal loses market share to natural gas and renewable generation in the electric power sector.
- On a percentage basis, renewable energy grows the fastest because capital costs fall with increased penetration and because current state and federal policies encourage its use.
- Liquid biofuels growth is constrained by relatively flat transportation energy use and blending limitations.

Inventories



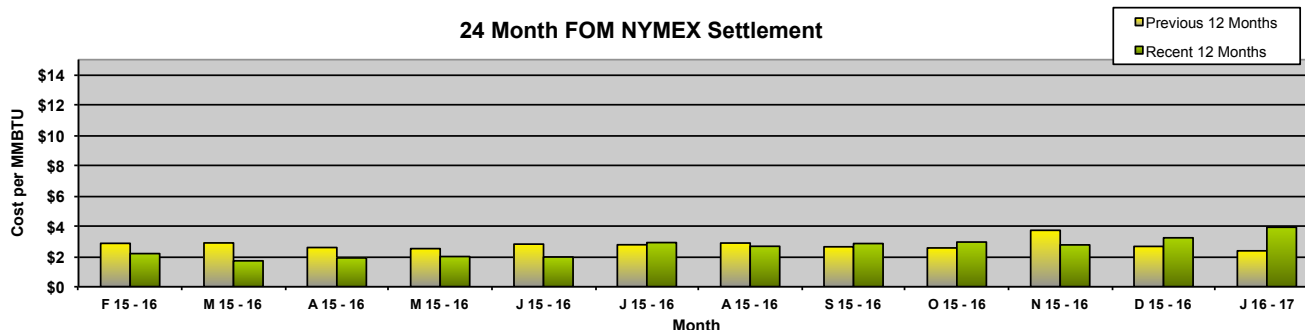
6-10 Day Forecast



Month	Last Price	Change	Updated - 1/06/2017 3:30 PM EST		Summer / Winter	
Feb-17	\$3.29	0.01			April 17 - Oct 17	\$3.30
Mar-17	\$3.29	0.02			Nov -17 - March 18	\$3.48
Apr-17	\$3.26	0.03			April 18 - Oct 18	\$2.88
May-17	\$3.26	0.04			Strip Prices	
Jun-17	\$3.30	0.04			3 Month	\$3.28
Jul-17	\$3.33	0.05			6 Month	\$3.29
Aug-17	\$3.33	0.05			9 Month	\$3.30
Sep-17	\$3.31	0.05			1 Year	\$3.34
Oct-17	\$3.33	0.05			2 Year	\$3.18
Nov-17	\$3.37	0.05			3 Year	\$3.08
Dec-17	\$3.49	0.05				
Jan-18	\$3.57	0.00				

Source: Nymex

24 Month FOM NYMEX Settlement



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