

MARKET UPDATE



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

Market News

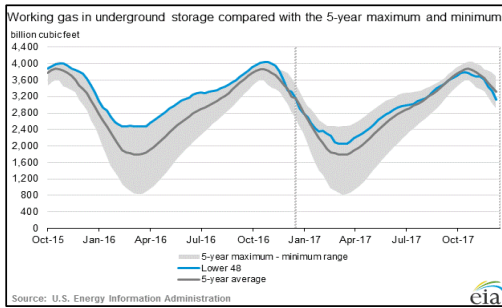
Market Recap - Natural gas spot prices rose at most locations this report week (Wednesday, December 27 to Wednesday, January 3) as cold weather affected much of the country. The Henry Hub spot price rose from \$2.75 per million British thermal units (MMBtu) last Wednesday to \$6.88/MMBtu yesterday. At the New York Mercantile Exchange (Nymex), the January 2018 contract expired last Wednesday at \$3.008/MMBtu. The February 2018 contract price increased 28¢ Wednesday to Wednesday, closing at \$3.008/MMBtu.

Storage Report - Working gas in storage was 3,126 Bcf as of Friday, December 29, 2017, according to EIA estimates. This represents a net decrease of 206 Bcf from the previous week. Stocks were 192 Bcf less than last year at this time and 192 Bcf below the five-year average of 3,318 Bcf.

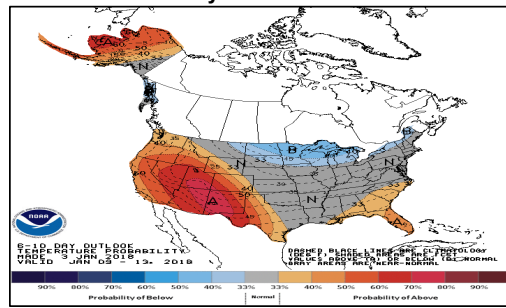
Word on the Street - February Henry natural gas was steady to slightly lower overnight as it consolidates some of the rally off December's low. Stochastics and the RSI are overbought and are turning neutral to bearish signaling that a short-term top might be in or is near. Closes below the 20-day moving average crossing at 2.791 would confirm that a short-term top has been posted.

Observations - Texas (ERCOT) and California (CAISO), both of which experienced hot weather at some point during the month, saw electricity demand peak at 62,253 MW, or 87% of its all-time maximum, and in California (CAISO), demand peaked at almost 39,251 MW, or 78% of its all-time maximum. Wholesale electricity prices reached \$137/MWh and natural gas prices hit \$4.72/MMBtu in California as a late season heatwave hit the state. Texas (ERCOT) wholesale electricity prices reached a new 12-month high of \$83/MWh on October 12. After decreasing nearly 20% in the first half of 2017, the spot energy index in the Standard and Poor's (S&P) Goldman Sachs Commodity Index (GSCI) ended 2017 16% higher than the beginning of the year. Higher crude oil and petroleum product prices in the second half of 2017 were responsible for the increase in the S&P GSCI energy index.

Inventories



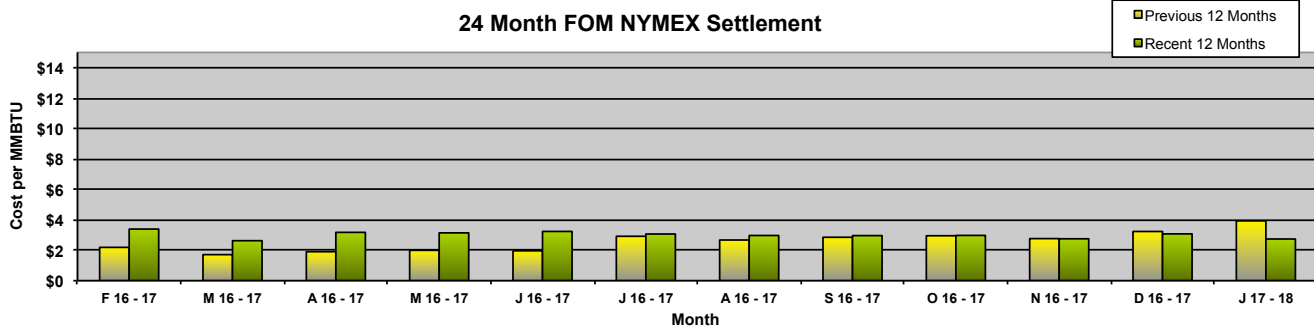
6-10 Day Forecast



Month	Last Price	Change	Updated - 1/04/2018 1:30 PM EST																							
Feb-18	\$2.91	-0.10	<table border="1"> <thead> <tr> <th colspan="2">Summer / Winter</th> </tr> </thead> <tbody> <tr> <td>Nov -18 - March 19</td> <td>\$2.98</td> </tr> <tr> <td>April 18 - Oct 18</td> <td>\$2.75</td> </tr> <tr> <td>Nov 19 - March 20</td> <td>\$2.91</td> </tr> <tr> <th colspan="2">Strip Prices</th> </tr> <tr> <td>3 Month</td> <td>\$2.82</td> </tr> <tr> <td>6 Month</td> <td>\$2.78</td> </tr> <tr> <td>9 Month</td> <td>\$2.78</td> </tr> <tr> <td>1 Year</td> <td>\$2.82</td> </tr> <tr> <td>2 Year</td> <td>\$2.80</td> </tr> <tr> <td>3 Year</td> <td>\$2.81</td> </tr> </tbody> </table>		Summer / Winter		Nov -18 - March 19	\$2.98	April 18 - Oct 18	\$2.75	Nov 19 - March 20	\$2.91	Strip Prices		3 Month	\$2.82	6 Month	\$2.78	9 Month	\$2.78	1 Year	\$2.82	2 Year	\$2.80	3 Year	\$2.81
Summer / Winter																										
Nov -18 - March 19	\$2.98																									
April 18 - Oct 18	\$2.75																									
Nov 19 - March 20	\$2.91																									
Strip Prices																										
3 Month	\$2.82																									
6 Month	\$2.78																									
9 Month	\$2.78																									
1 Year	\$2.82																									
2 Year	\$2.80																									
3 Year	\$2.81																									
Mar-18	\$2.84	-0.09																								
Apr-18	\$2.71	-0.07																								
May-18	\$2.70	-0.07																								
Jun-18	\$2.74	-0.06																								
Jul-18	\$2.77	-0.05																								
Aug-18	\$2.78	-0.05																								
Sep-18	\$2.76	-0.05																								
Oct-18	\$2.78	-0.05																								
Oct-18	\$2.84	-0.04																								
Dec-18	\$2.97	-0.05																								
Jan-19	\$3.05	-0.04																								

Source: Nymex

24 Month FOM NYMEX Settlement



DEFINITIVE Energy Group, Inc. (DEGI) strives to provide concise and accurate information from dependable sources for all information contained in this report. Nevertheless, DEGI does not warrant the authenticity of such information. This report is for information purposes only and is not intended as a recommendation or solicitation. All conditions can change with out notice.