

Early Morning Update:

The Feb19 natural gas contract is trading up \$0.39 at \$3.48.
The Feb19 crude contract is down \$0.10 at \$51.49.

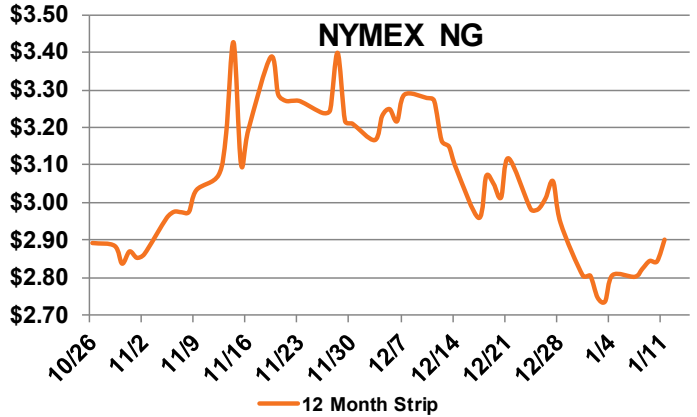
Summary: On Friday, the February 2018 NYMEX natural gas futures surged higher, up 13.0 cents on the day to settle at \$3.099/MMBtu, the second highest settle for the month this year. Major US demand centers for natural gas are about to experience quite a change in weather, moving to a wintery mix, and what looks to be an impressive Nor'Easter this upcoming weekend. Bolstered heating demand in the Rescomm sector, along with the potential for colder-than-normal temperatures through the end of this month, could cause larger withdrawals from storage. This follows the mild temperatures seen in December and the beginning of this month, with bearish withdrawals from storage. The EIA reported a storage withdrawal of 91 Bcf, which was much lower than the 337 Bcf withdrawal seen last year for the corresponding week, as well as the 187 Bcf five-year average. We have been saying that winter is not over yet, and it appears it is about to return, meaning there is potential for price volatility, as we saw late November, and last month. Total U.S. dry production continues to be depressed, averaging just over 84.0 Bcf/d. This could be concerning, as colder-than-normal temperatures increases demand for natural gas, causing demand to outpace supply, along with the potential for the cold to cause even more declines in production due to well-head freeze offs.

Bullish Factors

- Strong LNG exports
- Exports to Mexico
- Low storage levels

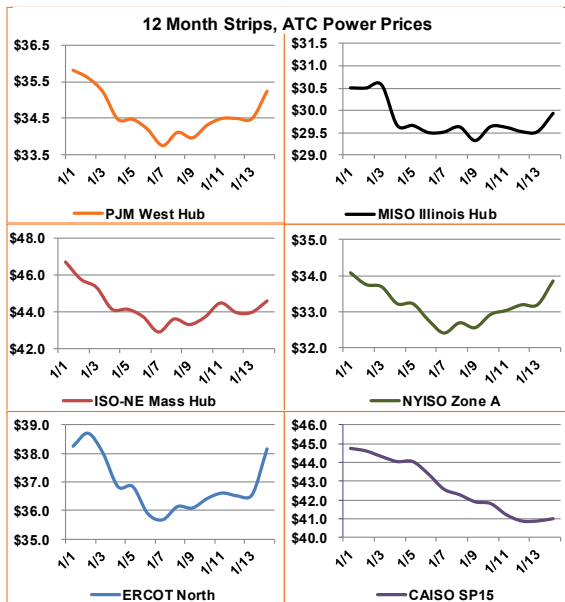
Bearish Factors

- Record NG production
- Warm weather forecasts
- Higher associated gas production



Next Day On-Peak Power (traded for 1/14/2019)

ISO-NE Mass Hub \$49.27	MISO Indiana Hub \$33.39	NYISO Zone G \$40.30
PJM West Hub \$36.46	ERCOT North \$31.02	CAISO SP15 \$45.63
NYMEX NG	Close	Change
Feb-19	3.099	0.130
Mar-19	2.945	0.132
12 Month	2.901	0.058
Cal 20	2.665	0.014
Cal 21	2.680	0.011



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,614	2,705	2,818	3,078
Diff v. Current		-91	-204	-464
% Diff			-7.2%	-15.1%

