

Early Morning Update:

The Feb19 natural gas contract is trading up \$0.09 at \$3.07. The Mar19 crude oil contract is down \$0.32 at \$52.30.

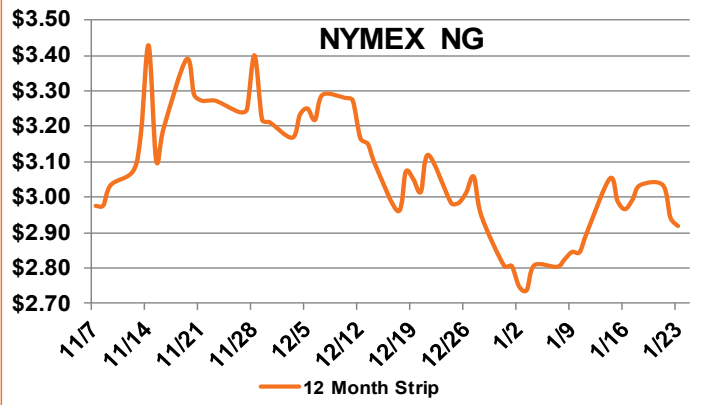
Summary: The Feb19 NYMEX natural gas contract dropped six cents yesterday to settle at \$2.98/MMBtu. U.S. production fell 1.5 Bcf/d on the day to 82 Bcf/d on Wednesday. Although still subject to intraday revisions, the drop is mainly driven by a 1.1 Bcf/d decline in Northeast production following a force majeure on the Texas Eastern Transmission system, which has limited north-to-south takeaway capacity. Also, total U.S. demand is 8.5 Bcf/d lower than on Tuesday at 108.4 Bcf/d, 22 Bcf/d below the past weekend's high. The Northeast was responsible for 8.7 Bcf/d of the day-on-day declines, as average temperatures in the region rose 15 degrees. Forecasts anticipate that another blast of cold will rock the Midwest and drive temperatures back down. Platts burn per degree estimates show the drop in temperature will drive power burn demand up more than 620 MMcf/d from Wednesday to Friday. The additional gas burn will likely be accompanied by higher call on coal resources over the same period to meet the high loads.

Bullish Factors

- Colder temps
- High LNG exports
- Low storage levels

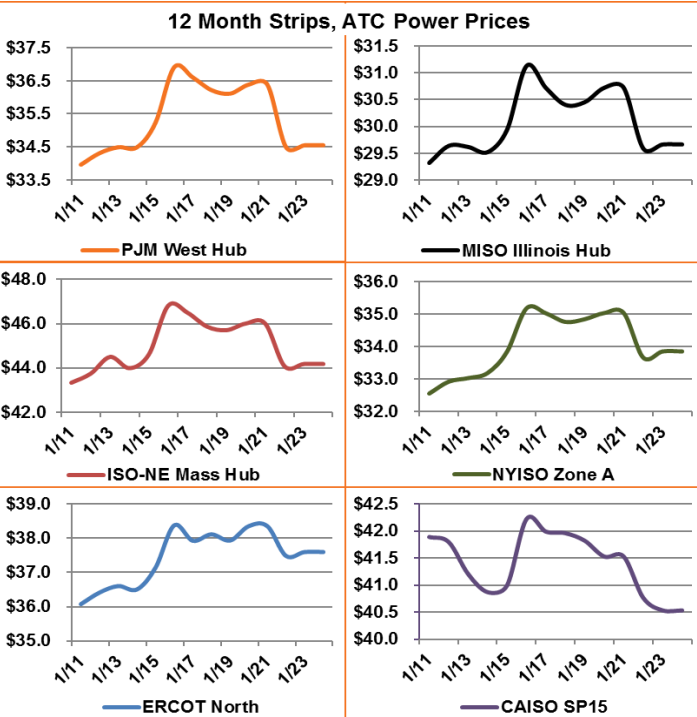
Bearish Factors

- Record NG production
- Higher demand
- Higher associated gas production



Next Day On-Peak Power (traded for 1/24/2019)

ISO-NE Mass Hub \$39.54	MISO Indiana Hub \$33.50	NYISO Zone G \$35.83
PJM West Hub \$29.71	ERCOT North \$28.50	CAISO SP15 \$40.22
NYMEX NG	Close	Change
Feb-19	2.980	-0.060
Mar-19	2.922	-0.050
12 Month	2.917	-0.024
Cal 20	2.649	-0.010
Cal 21	2.665	-0.010



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,533	2,614	2,610	2,860
Diff v. Current		-81	-77	-327
% Diff			-3.0%	-11.4%

