

Early Morning Update:

The Mar19 natural gas contract is trading up \$0.03 at \$2.58. The Mar19 crude oil contract is up \$0.20 at \$52.84.

Summary: A smaller than expected storage report led to a drip in prices yesterday, with the prompt month down \$.111 to close at \$2.551. The prompt month is getting close to the key support level of \$2.50. Whether we get there or not will depend on continued strong production and warmer temps along the east coast. The west coast is currently seeing extremely low temps but the east coast has more demand and colder temps there have an outsized effect on national demand. If the market goes no lower, the sell-off has already been impressive, for both gas and power as you can see from the charts below. Customers often ask about a dip in pricing as we exit winter. It's hard to say that winter is over, but this may be that dip.

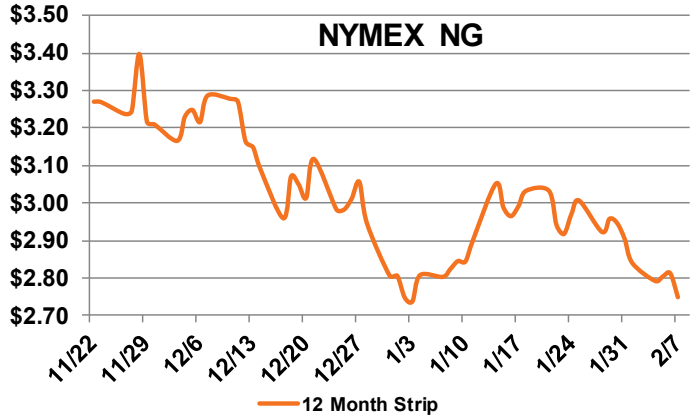
The cold temps in the western US has caused high index pricing, with California seeing day-ahead prices over \$100 for consecutive days.

Bullish Factors

- High LNG exports
- Higher demand
- Low storage levels

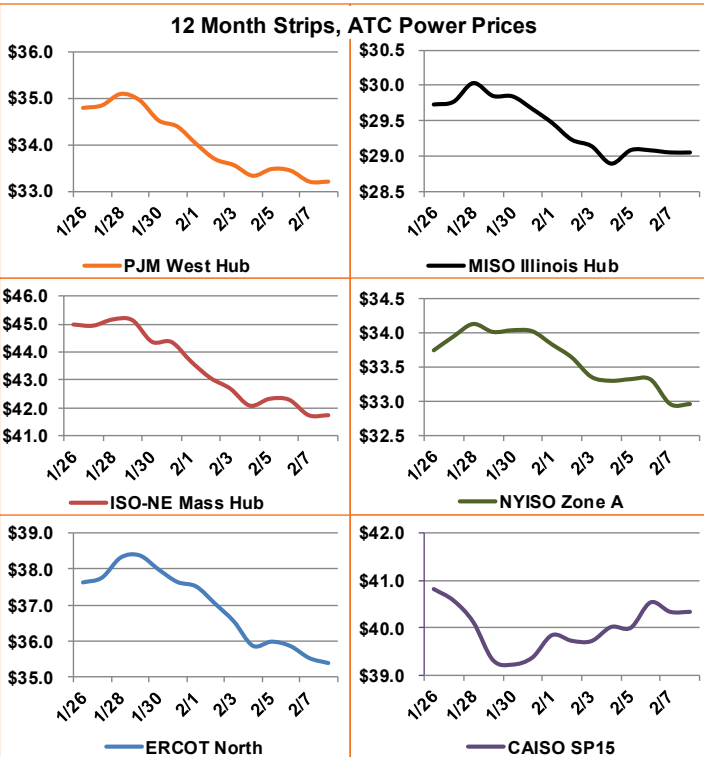
Bearish Factors

- Record NG production
- Mild temperatures
- Higher associated gas production



Next Day On-Peak Power (traded for 2/8/2019)

ISO-NE Mass Hub \$27.06	MISO Indiana Hub \$33.43	NYISO Zone G \$23.45
PJM West Hub \$26.40	ERCOT North \$31.67	CAISO SP15 \$111.24
NYMEX NG		
	Close	Change
Mar-19	2.551	-0.111
Apr-19	2.572	-0.085
12 Month	2.748	-0.064
Cal 20	2.626	-0.003
Cal 21	2.649	-0.002



EIA Natural Gas Storage				
EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,960	2,197	2,095	2,375
Diff v. Current		-237	-135	-415
% Diff			-6.4%	-17.5%

