

Early Morning Update:

The Mar19 natural gas contract is trading up \$0.04 at \$2.67. The Apr19 crude oil contract is down \$0.11 at \$57.05.

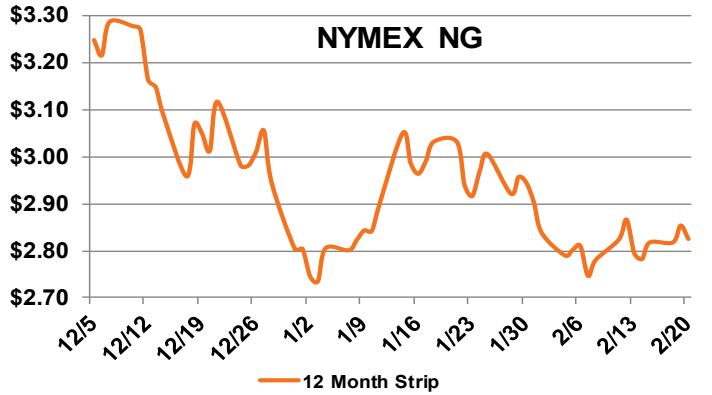
Summary: The market has settled down some recently, with the prompt month finishing down 2.6 cents to close at \$2.636 on Wednesday. The Mar19 contract will expire on March 26, and with April up next, the focus will quickly turn to the upcoming summer injection season. Production continues to oscillate between 84 and 86 Bcf/d, with varying weather conditions impacting well productivity. As weather moderates into the spring, production is expected to grow, and early estimates indicate production could hit 90 Bcf/d this year. On the flip side, demand from the power sector is expected to grow, as gas generators continue to replace coal in the supply stack. LNG exports may also nearly double this year, as Cameron and Freeport export facilities are expected to commence operations. As demand for gas increases, we will need to see offsetting production growth, but higher prices may be needed to incent producers to keep pace. Gas storage is currently below both last year's levels and the 5-year average, and we should end the withdrawal season with roughly 1.24 Tcf in the ground. The market is expecting a withdrawal from storage of 177 Bcf this morning when the EIA releases their weekly storage report, which would be larger than last year's withdrawal of 134 Bcf, as well as the 5-year average pull of 148 Bcf.

Bullish Factors

- High LNG exports
- Higher demand
- Low storage levels

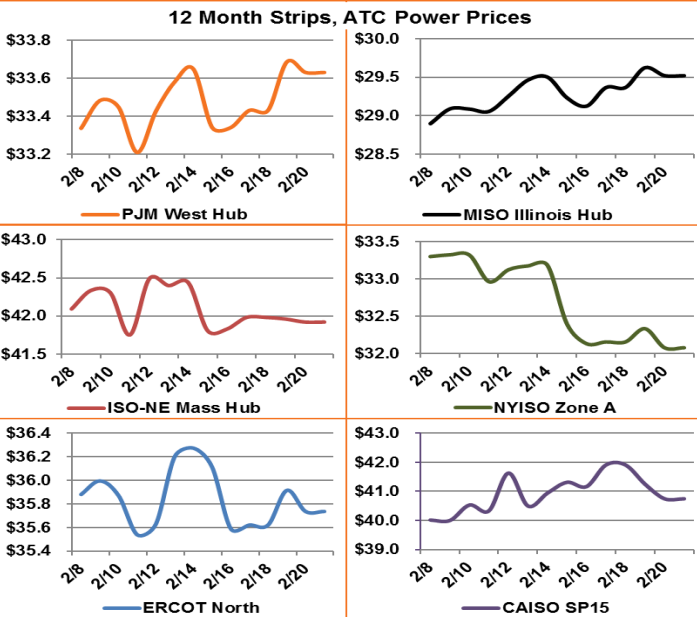
Bearish Factors

- Record NG production
- Higher associated gas production
- End of winter coming soon



Next Day On-Peak Power (traded for 2/21/2019)

ISO-NE Mass Hub \$28.48	MISO Indiana Hub \$29.25	NYISO Zone G \$26.42
PJM West Hub \$26.36	ERCOT North \$20.50	CAISO SP15 \$110.61
NYMEX NG	Close	Change
Mar-19	2.636	-0.026
Apr-19	2.669	-0.028
12 Month	2.826	-0.029
Cal 20	2.635	-0.014
Cal 21	2.645	-0.013



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,882	1,960	1,912	2,215
Diff v. Current		-78	-30	-333
% Diff			-6.4%	-17.5%

