

Early Morning Update:

The May19 natural gas contract is trading up \$0.01 at \$2.73. The May19 crude oil contract is down \$1.06 at \$58.35.

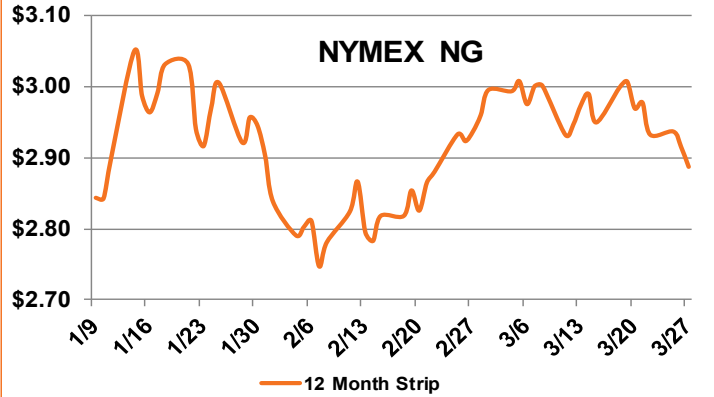
Summary: With U.S. dry production at record levels and demand for natural gas declining due to mild temperatures, the April NYMEX contract rolled off the books yesterday, but not before losing 2.7 cents and ultimately settling at \$2.713/MMBtu. May takes the front position today, and that contract, too, was down three cents, settling at \$2.719. In fact, the entire 12-mo strip lost almost three cents, while calendar strips through 2025 each lost about a penny, on average. So far this week, production has been hovering just under the 87.9 Bcf/d all-time high set last Saturday, while total U.S. demand continues to decline, down 4.7 Bcf/d today to 84.5 Bcf/d. Meanwhile, the market is anticipating what looks to be the last storage withdrawal of the season to be reported this morning by the U.S. EIA. Storage inventories were expected to have dropped 33 Bcf in the week to March 22, which would put end-of-season gas stockpiles at 1,110 Bcf, a 17% deficit to last year, and a 31% deficit to the five-year average. As strong production and declining demand continue as we move into the shoulder season, the deficit to last year is expected to be erased sometime in May.

Bullish Factors

- High LNG exports
- Low storage levels
- Attention turning to summer

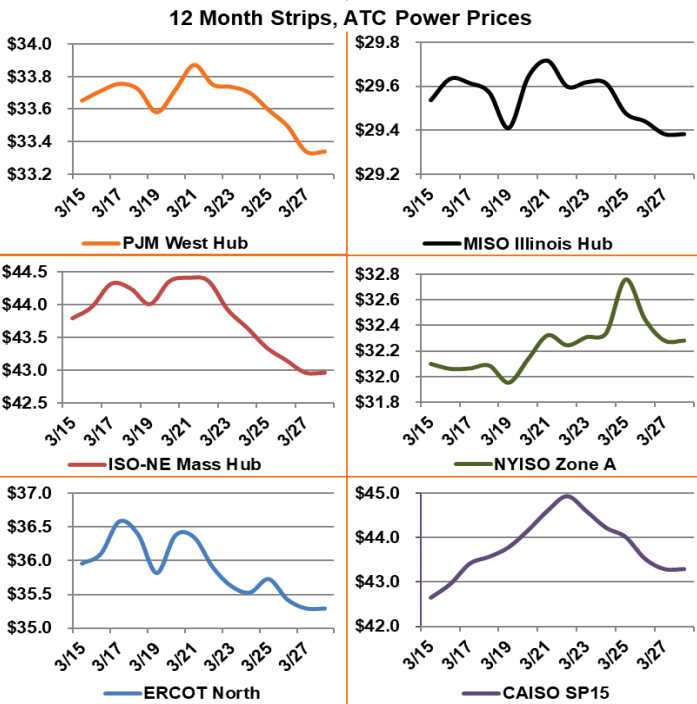
Bearish Factors

- Record NG production
- Higher associated gas production
- Warmer temps, declining demand



Next Day On-Peak Power (traded for 3/28/2019)

ISO-NE Mass Hub \$27.88	MISO Indiana Hub \$30.00	NYISO Zone G \$39.98
PJM West Hub \$27.46	ERCOT North \$18.45	CAISO SP15 \$24.58
NYMEX NG		Change
Apr-19	2.713	-0.027
May-19	2.719	-0.032
12 Month	2.888	-0.028
Cal 20	2.651	-0.009
Cal 21	2.660	-0.008



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,143	1,190	1,458	1,699
Diff v. Current		-47	-315	-556
% Diff			-21.6%	-32.7%

