

Early Morning Update:

The Jan19 natural gas contract is up \$0.14 at \$4.27.
The Jan19 crude contract is up \$0.38 at \$50.77.

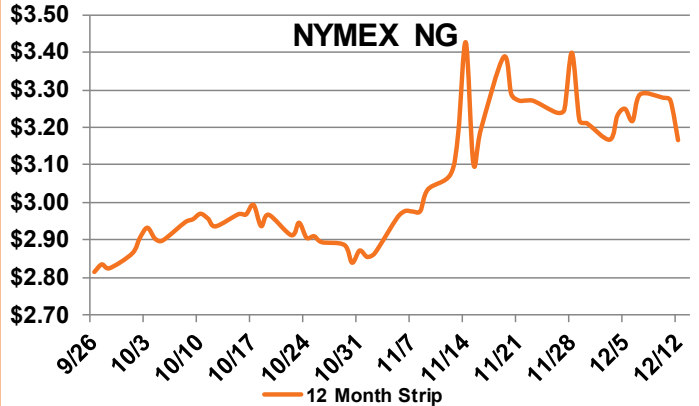
Summary: January 2019 NYMEX NG dropped 25 cents yesterday to settle at \$4.158/MMBtu, and the 12-month strip dropped about 12 cents to settle at \$3.151. Total US supplies are down only 0.3 Bcf/d day over day to 88.8 Bcf/d, led mainly by a small drop in onshore production. Overall, production was at 83.9 Bcf/d yesterday, some 1.6 Bcf/d lower than the previous one-week average. US demand saw a larger drop, falling by 4.9 Bcf/d to 104.1 Bcf/d due to a combination of lower power burn and ResComm demand. Demand is down across most regions, with the majority coming from Southeast (-2.2 Bcf) as temps are up 3 degrees on average day over day. Temps are expected to increase a further 6-10 degrees, implying further losses to demand across the US as above normal temps take over for the next 10 days. While US demand might be reduced throughout the balance of Dec, Cheniere Energy said, on Tue, it has exported its first commissioning cargo from the Corpus Christi LNG project via the Maria Energy vessel. In light of the first cargo exported, flows to Corpus Christi LNG ramped up to all-time highs on Tue, with feedgas deliveries breaking over 630 MMcf/d. The increase in flows is likely from the Lone Star & Gulf Connector expansion projects coming online on Nov 30 and Dec 1, respectively, with each expected to deliver approximately 300 MMcf/d to Corpus

Bullish Factors

- Cold weather
- LNG exports ramping up
- Low storage levels

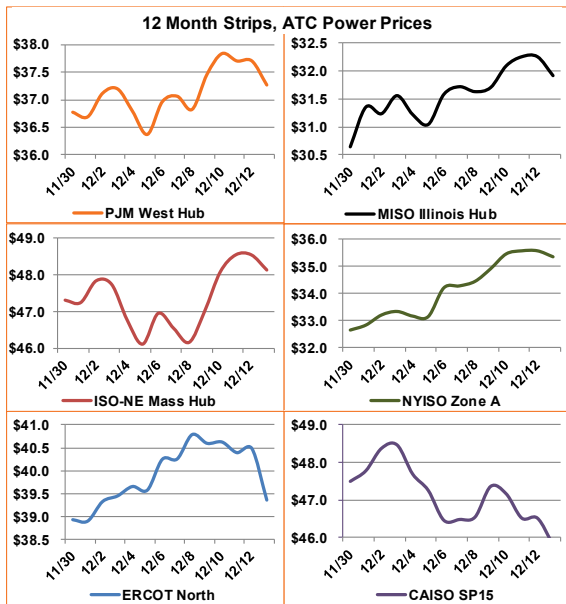
Bearish Factors

- Record NG production
- Weather forecasts turning warmer
- Higher associated gas production



Next Day On-Peak Power (traded for 12/13/2018)

ISO-NE Mass Hub \$73.19	MISO Indiana Hub \$38.25	NYISO Zone G \$45.52
PJM West Hub \$37.45	ERCOT North \$30.66	CAISO SP15 \$50.00
NYMEX NG	Close	Change
Jan-19	4.136	-0.271
Feb-19	4.035	-0.223
12 Month	3.165	-0.106
Cal 19	3.165	-0.106
Cal 20	2.707	-0.006



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,991	3,054	3,695	3,716
Diff v. Current		-63	-704	-725
% Diff			-19.1%	-19.5%

