

Early Morning Update:

The Jan19 natural gas contract is trading down \$0.16 at \$3.67. The Jan19 crude contract is up \$0.10 at \$51.30.

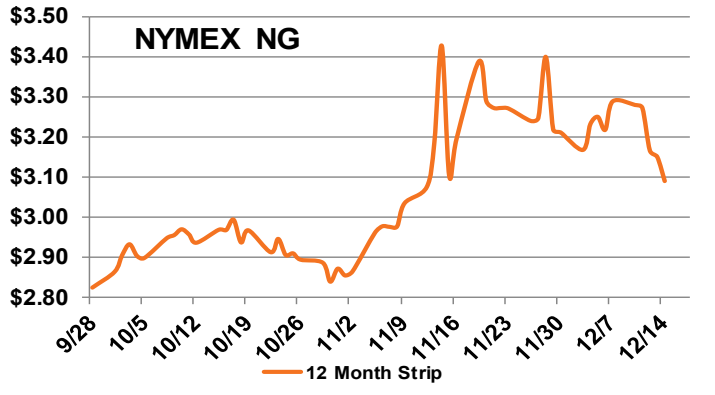
Summary: On Friday, the January 2018 NYMEX natural gas futures price took a dive, falling 29.7 cents on the day to settle at \$3.827/MMBtu, the lowest January has traded since early November. Both February and March 2019 contracts followed suit, down 27.4 and 25.0 cents, respectively, after a bearish storage report of 77 Bcf. After reaching a new record for this winter on Monday over 106 Bcf/d, overall U.S. demand for natural gas has also taken a tumble, down to just over 96 Bcf/d. Warming weather outlooks continue to dominate the forecasts, mainly in the Northeast, a major demand center for natural gas, into the beginning of next month. The early start to winter was one of the main drivers for the upward movement of Q1-19, and it appears that if warmer-than-normal temperatures continue into January, we could see prices fall. However, if the forecasts should change to the colder side, we have seen what the upside risks might be in reaction. Total U.S. dry production has also fallen from its record highs to just over 84 Bcf/d, which is still about 8.0 Bcf higher than in 2017.

Bullish Factors

- Strong LNG exports
- Exports to Mexico
- Low storage levels

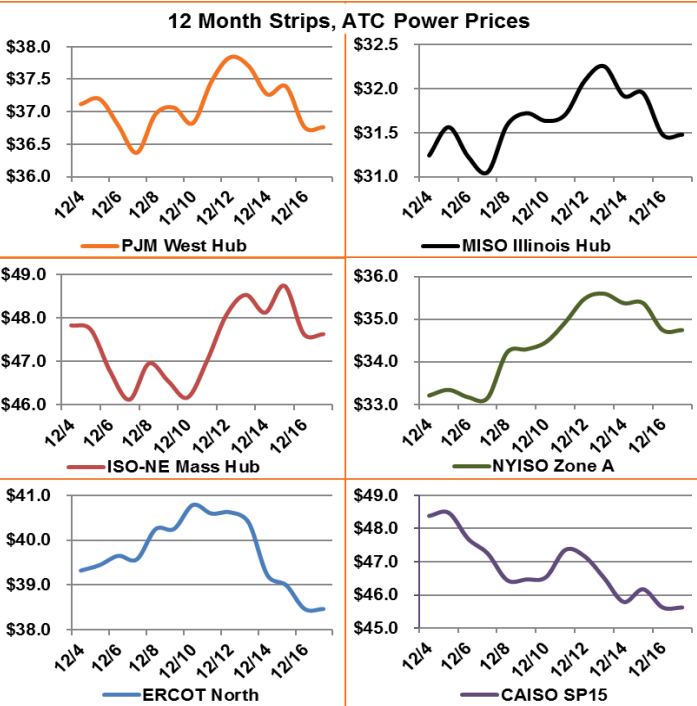
Bearish Factors

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



Next Day On-Peak Power (traded for 12/17/2018)

ISO-NE Mass Hub \$55.26	MISO Indiana Hub \$41.68	NYISO Zone G \$41.47
PJM West Hub \$37.97	ERCOT North \$35.83	CAISO SP15 \$49.93
NYMEX NG		Change
Jan-19	3.827	-0.297
Feb-19	3.753	-0.274
12 Month	3.088	-0.060
Cal 19	3.088	-0.060
Cal 20	2.710	0.013



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,914	2,991	3,636	3,637
Diff v. Current		-77	-722	-723
% Diff			-19.9%	-19.9%

