

Early Morning Update:

The Jan19 natural gas contract is trading up \$0.18 at \$3.71.
The Jan19 crude contract is down \$1.18 at \$48.70.

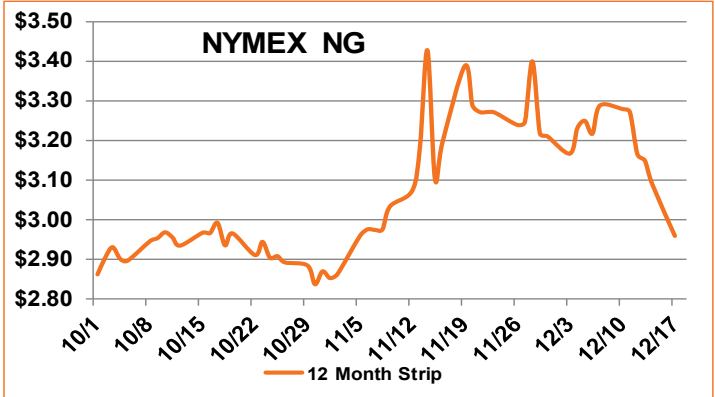
Summary: The natural gas market felt another day of losses on Monday, as the remainder of the year shows lower-than-average demand and widespread warmer temperatures. The prompt month itself lost 30 cents to \$3.528/MMBtu, the 2019 year crept under \$3 again, losing nearly 13 cents to \$2.959. The 2020 year dropped two cents to \$2.687, and 2021 stayed flat at \$2.625. The majority of the country is going to see temperatures at least 3-5 degrees above normal through the new year, before moderating back to close to normal. This is expected to keep demand levels 6% below 2017, one of few times that has happened in 2018. Production over the next month is expected to increase by over 1.0 Bcf/d, adding to potential bearish sentiment. However, weather in January may turn to colder than average, potentially putting upward pressure on this volatile market.

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 12/18/2018)

ISO-NE Mass Hub \$69.04	MISO Indiana Hub \$41.86	NYISO Zone G \$47.46
PJM West Hub \$40.40	ERCOT North \$31.07	CAISO SP15 \$47.80
NYMEX NG		Change
Jan-19	3.528	-0.299
Feb-19	3.453	-0.300
12 Month	2.959	-0.130
Cal 19	2.959	-0.130
Cal 20	2.687	-0.023

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%

