

**Early Morning Update:**

The Jan19 natural gas contract is trading up \$0.17 at \$3.90.  
The Jan19 crude contract is down \$1.67 at \$46.50.

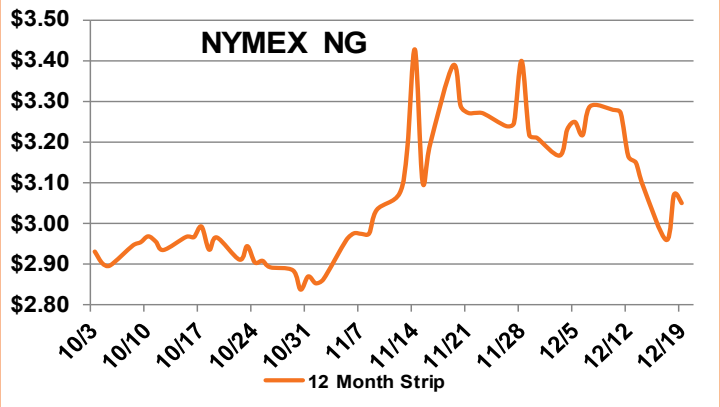
**Summary:** The Jan19 NYMEX natural gas contract dropped 11 cents yesterday to settle at \$3.726/MMBtu. Total demand has fallen about 5.2 Bcf/d day-on-day to 96.8 Bcf/d Wednesday, as temperatures rose in the Northeast. Falling ResComm demand was the strongest driver of this decline, with additional declines observed in the power burn sector. With temperatures anticipated to continue to increase over the course of the week, total demand is anticipated to average 96.1 Bcf/d over the next four days. Intraday supply reached 85.22 Bcf/d, revised up 0.43 intraday, yet is still down nearly 2.3 Bcf/d from the highs set on Nov 30th of 87.5 Bcf/d. Yesterday, supply in the Northeast and Texas was down 0.42 and 0.34 Bcf/d, respectively. Northeast production has tumbled more than 0.7 Bcf/d for no clear reason, after hitting a new high of 31.7 Bcf/d on Dec 5. Evidence suggests the dip may be tied to a slowdown in drilling in late summer that is finally beginning to manifest itself now. If the recent dip is indeed a function of a drilling slowdown rather than a short-term blip in production, it would tighten, not just balances this winter, but also next summer, resulting in upward pressure on regional prices and at Henry Hub.

**Bullish Factors**

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

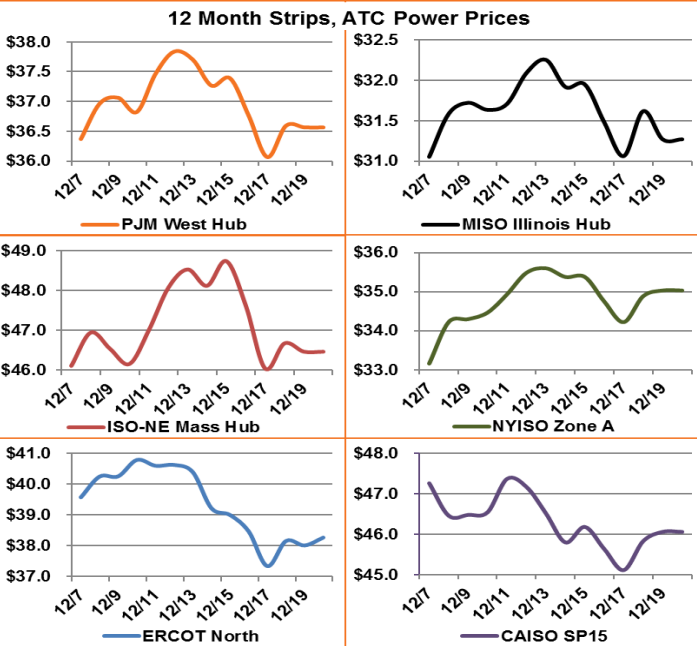
**Bearish Factors**

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



**Next Day On-Peak Power (traded for 12/20/2018)**

ISO-NE Mass Hub \$38.50	MISO Indiana Hub \$34.25	NYISO Zone G \$36.09
PJM West Hub \$36.10	ERCOT North \$28.00	CAISO SP15 \$48.74
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
Jan-19	3.726	-0.112
Feb-19	3.653	-0.089
12 Month	3.050	-0.021
Cal 19	3.050	-0.021
Cal 20	2.703	0.000



**EIA Natural Gas Storage**

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

