

Early Morning Update:

The Feb19 natural gas contract is trading down \$0.04 at \$2.91. The Feb19 crude contract is up \$0.74 at \$47.28.

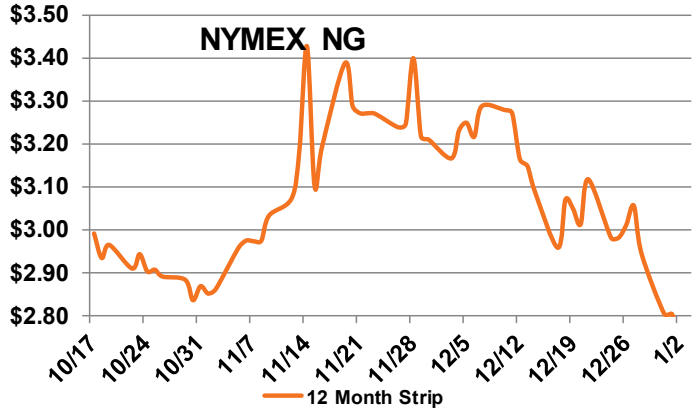
Summary: February 2019 NYMEX natural gas contract rose 4.5 cents yesterday to settle at \$2.985/MMBtu. Yesterday, demand was up +5.1 Bcf d/d to a total of 105.7 Bcf. The largest movers being Northeast (+3.6), Texas (+1.1), Southwest (+0.95), while the demand in the Rockies fell (-1.4). December natural gas demand was low due to warmer than normal temperatures covering most of the United States. January weather is expected to be similar, yet that can easily change. Wednesday's US production was revised down 500 MMcf, erasing any previous day -on-day increase. The EIA's storage report is once again publishing on a delayed schedule this week due to the holiday. Last week's report saw a similar discrepancy between the Supply and Demand and sample-only models, so how the report pans out will likely influence the final forecast for this week.

Bullish Factors

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

Bearish Factors

- Record NG production
- Warm weather forecasts
- Higher associated gas production



Next Day On-Peak Power (traded for 1/3/2019)

ISO-NE Mass Hub \$30.94	MISO Indiana Hub \$26.50	NYISO Zone G \$34.79
PJM West Hub \$28.95	ERCOT North \$34.00	CAISO SP15 \$54.03
NYMEX NG	Close	Change
Feb-19	2.958	0.018
Mar-19	2.829	-0.022
12 Month	2.746	-0.059
Cal 20	2.594	-0.013
Cal 21	2.645	-0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,725	2,773	3,348	3,372
Diff v. Current		-48	-623	-647
% Diff			-18.6%	-19.2%

