

Early Morning Update

The Jan20 natural gas contract is trading up \$0.05 at \$2.33. The Jan20 crude oil contract is up \$1.23 at \$56.40.

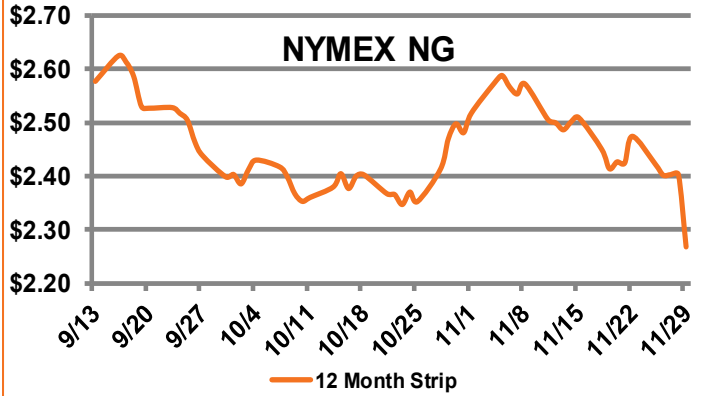
Summary: On Friday, the Jan '20 NYMEX natural gas futures price plunged 22 cents on the day to settle at its lowest price in history, \$2.281/MMBtu. This was the largest single day loss seen for the prompt month since December 2018. The 2020-2025 calendar strips hit fresh all-time lows on Friday, as well, following the downward trend of this upcoming winter. This dip followed a slightly larger-than-expected withdrawal from storage of 28 Bcf, but was still less than the 57 Bcf five-year average, as well as the 70 Bcf pull we saw last year. U.S. dry production continues to climb, even in this low price environment, reaching a new all-time high on Saturday of 93.7 Bcf/d. Weather forecasts moderated significantly versus last week, showing little cold for the majority of the country, with the exception of the lingering cold in the Northeast, which should dissipate toward the end of this week. The 11-15 day forecast shows a blanket of warmer-than-normal temps for the eastern half of the country and extending down into Texas, which should help keep demand at bay for this time of year.

Bullish Factors

- Record LNG exports
- Growing NG exports to Mexico
- Approaching winter

Bearish Factors

- Record NG production
- Higher associated gas production
- Healthy storage levels



Next Day On-Peak Power (traded for 12/2/2019)

ISO-NE Mass Hub \$43.13	MISO Indiana Hub \$31.93	NYISO Zone G \$30.23
PJM West Hub \$31.03	ERCOT North \$26.25	CAISO SP15 \$48.08
NYMEX NG		
	Close	Change
Dec-19	2.281	-0.220
Jan-20	2.262	-0.208
12 Month	2.268	-0.135
Cal 20	2.268	-0.135
Cal 21	2.414	-0.056

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,610	3,638	3,062	3,641
Diff v. Current		-28	548	-31
% Diff			17.9%	-0.9%

