

Early Morning Update

The Jan20 natural gas contract is trading down \$0.10 at \$2.23. The Jan20 crude oil contract is down \$0.90 at \$58.30.

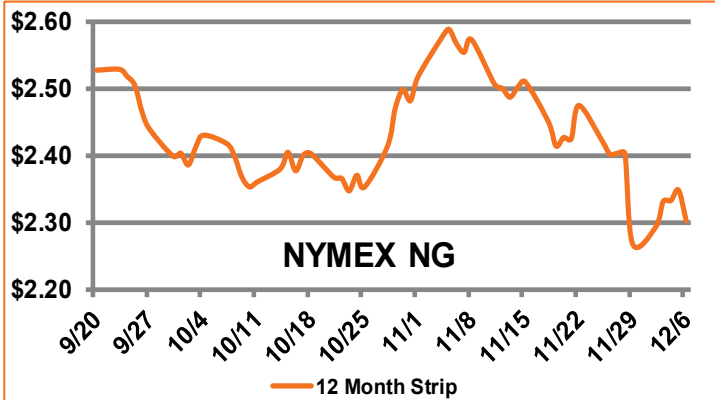
Summary: On Friday, the January 2019 NYMEX natural gas futures price fell 9.3 cents on the day to settle at \$2.396/MMBtu, following the EIA reporting a less-than-expected withdrawal from storage. The 19 Bcf withdrawal was about 30% less than last year, and about half of the five-year average. After reaching a fresh all-time high at the end of November, U.S. dry production has come off slightly, averaging just over 92.0 Bcf/d so far this month. LNG and exports to Mexico continue to push higher, as new trains are built and pipelines completed. LNG is expected to break above 8.0 Bcf/d today, which would be a new record. Over the weekend, weather forecasts warmed dramatically, with the biggest changes coming later this week, erasing the blanket of cold that was expected for the majority of the country. Last week, there was concern for the cold that was expected for the Northeast, which is a major U.S. demand center for natural gas. However, with the warmer forecast, that seems to be completely erased. As of this morning's forecasts, it seems the warmth along the East is expected to remain through the holidays. The warming forecasts have also lead to a huge drop in Res/Comm demand and may remain depressed through the end of the month.

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 12/9/2019)

ISO-NE Mass Hub \$36.84	MISO Indiana Hub \$24.88	NYISO Zone G \$25.42
PJM West Hub \$23.99	ERCOT North \$19.50	CAISO SP15 \$39.88
NYMEX NG		
	Close	Change
Dec-19	2.334	-0.093
Jan-20	2.319	-0.079
12 Month	2.303	-0.046
Cal 20	2.303	-0.046
Cal 21	2.442	-0.019

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,591	3,610	3,000	3,600
Diff v. Current		-19	591	-9
% Diff			19.7%	-0.3%

