

Early Morning Update

The Jan20 natural gas contract is trading up \$0.01 at \$2.24. The Jan20 crude oil contract is down \$0.12 at \$58.90.

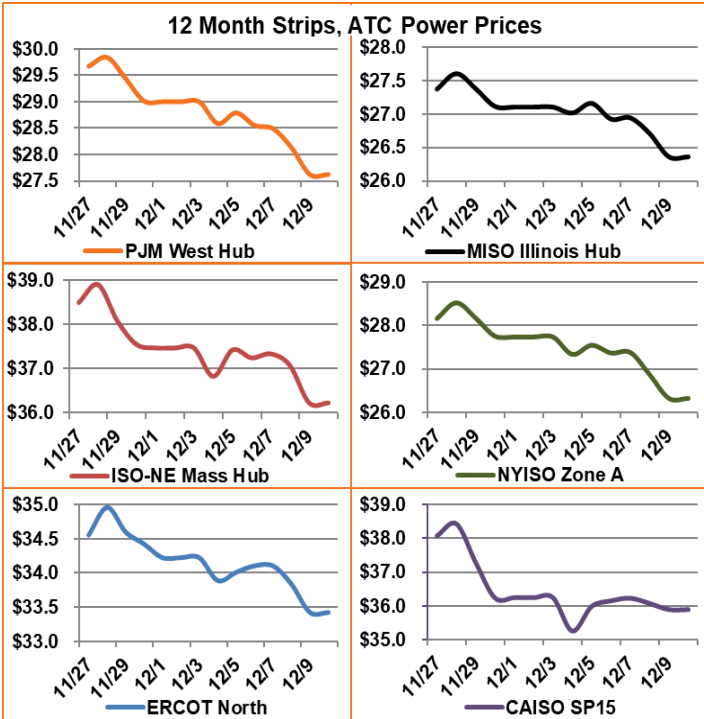
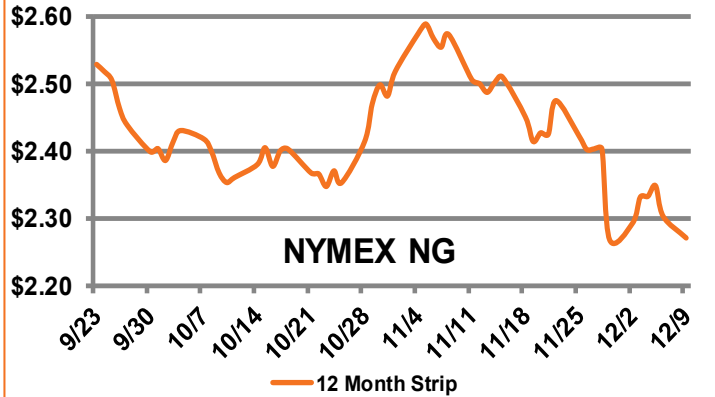
Summary: Buyers of natural gas with short positions were very happy to see the January contract hit a new all-time low during yesterday's trading activity. The prompt month lost just over ten cents from Friday's close, settling a dollar lower year-over-year at \$2.232/MMBtu. Once again, this weakness has come as a reaction to warmer revisions to the mid-December weather forecasts for the East Coast. Interestingly, the recent January sell-offs have caused a contango situation within the Cal '20 strip. November '20 and December '20 are now the upper-bound bookends, currently priced at \$2.37 and \$2.55. The 2023 calendar strip reached an all-time low last Friday of \$2.48, while the 2024 and 2025 calendar strips bottomed out yesterday at \$2.53 and 2.57, respectively. Production has slipped about 1.0 Bcf/d recently, which would normally be bullish if current storage wasn't very healthy. These low prices may not be able to incentivize production to ramp back up if demand increases during the back half of winter.

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 12/10/2019)

ISO-NE Mass Hub \$27.00	MISO Indiana Hub \$28.77	NYISO Zone G \$25.92
PJM West Hub \$26.19	ERCOT North \$28.15	CAISO SP15 \$43.47
NYMEX NG	Close	Change
Dec-19	2.232	-0.102
Jan-20	2.234	-0.085
12 Month	2.271	-0.032
Cal 20	2.271	-0.032
Cal 21	2.445	0.002

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%

