

Early Morning Update

The Jan20 natural gas contract is trading down \$0.05 at \$2.27. The Jan20 crude oil contract is down \$0.39 at \$60.55.

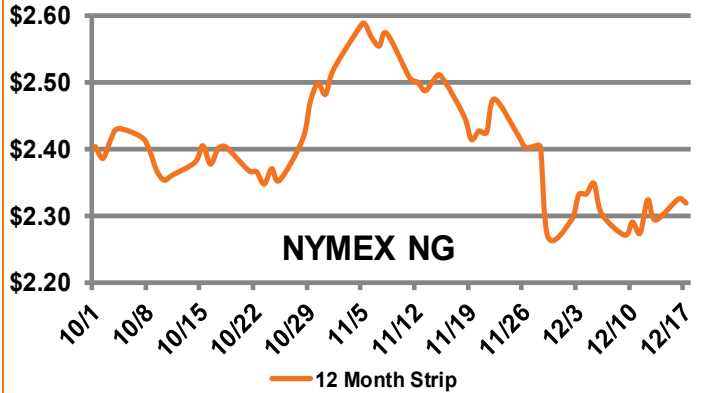
Summary: There was fairly little movement in NYMEX yesterday, as trading remained focused on the winter as the January through March 2020 strip traded down just over two cents. The drop was likely spurred on by revised weather forecasts that now show the first week of January at normal to slightly above-normal temperatures for the Northeast. All forward calendar strips remained flat and near their all-time lows. Production is down to under 91 Bcf/d, just as residential and commercial demand has ramped up 16 Bcf/d from over the weekend due to the cold temperatures across the Northeast. However, the market seems to be looking past this, as next week's forecast shows well-above-average temperatures that would lessen residential and commercial heating demand around the holidays. Tomorrow's EIA Natural Gas Storage Report is expected to show a withdrawal of 92 Bcf, which would be lower than both last year and the 5-yr average.

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 12/18/2019)

ISO-NE Mass Hub \$75.17	MISO Indiana Hub \$32.63	NYISO Zone G \$46.99
PJM West Hub \$37.68	ERCOT North \$25.25	CAISO SP15 \$52.00
NYMEX NG	Close	Change
Dec-19	2.319	-0.022
Jan-20	2.303	-0.023
12 Month	2.319	-0.006
Cal 20	2.319	-0.006
Cal 21	2.447	-0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,518	3,591	2,925	3,532
Diff v. Current		-73	593	-14
% Diff			20.3%	-0.4%

