

Early Morning Update

The Jan20 natural gas contract is trading down \$0.10 at \$2.23. The Jan20 crude oil contract is down \$0.09 at \$60.35.

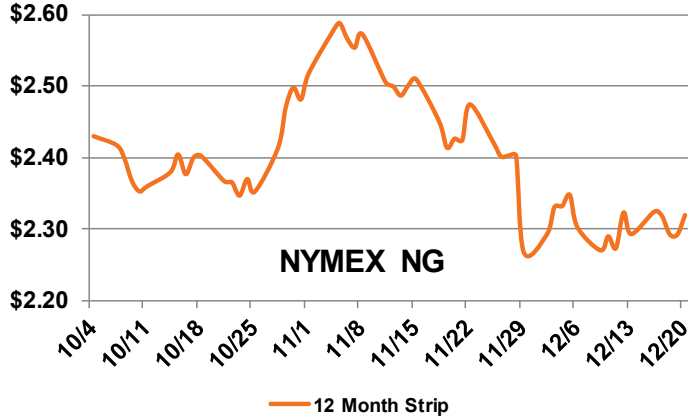
Summary: On Friday, the January 2019 NYMEX natural gas futures were up 5.5 cents to close at \$2.328. The 12-month strip was up 3 cents to close at \$2.32. Futures price increases were largely due to cooler than normal temperatures experienced across the country. However, calendar strip 2023-2025 are still showing steady, favorable pricing after hitting all-time lows in the past two weeks. U.S. dry production is still below the record high, yet remains strong at levels averaging just below 92.0 Bcf/d, about 5 Bcf/d higher than December 2018. Temperatures are now forecasted as 15-20° above normal across the Midwest and 10-15° across the east, with the warmest temperatures expected right after the holidays. However, despite warmer weather forecasts, last week's temperatures ran cooler than normal, resulting in a 6 Bcf/d U.S. natural gas demand increase year over 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 12/23/2019)

ISO-NE Mass Hub \$44.67	MISO Indiana Hub \$25.00	NYISO Zone G \$28.52
PJM West Hub \$23.27	ERCOT North \$19.30	CAISO SP15 \$51.61
NYMEX NG	Close	Change
Dec-19	2.328	0.055
Jan-20	2.310	0.045
12 Month	2.320	0.027
Cal 20	2.320	0.027
Cal 21	2.422	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,411	3,518	2,793	3,420
Diff v. Current		-107	618	-9
% Diff			22.1%	-0.3%

