

Early Morning Update

The Jan20 natural gas contract is trading down \$0.09 at \$2.20. The Feb20 crude oil contract is up \$0.10 at \$61.78.

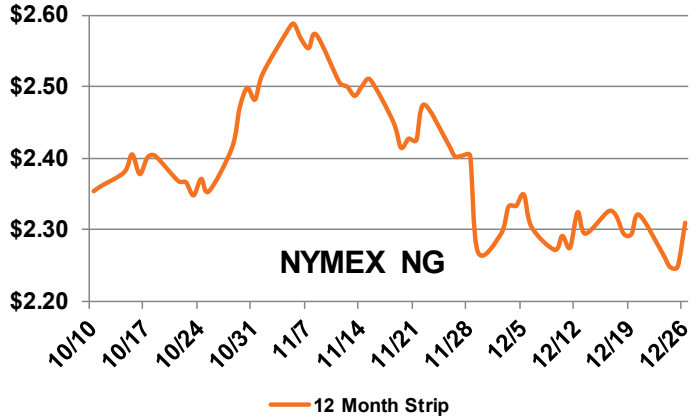
Summary: A late year surprise rally yesterday as the prompt month traded up \$.122 to close at \$2.294 (of course most of that is being given back this morning). Slightly 'less-warm' forecasts showed up and the market ended up ticking higher. This morning, the forecasts are back to being... smoldering. Warm temps are expected for much of the country for the next two week (at least). This will bring lower demand, making it difficult to find price support for either gas or power. The EIA will release the weekly storage report. Last week was cold so expect a large draw this week - the latest estimates call for a draw near -170. This is much larger than last year (-61) and the 5-year average (-101). Expect poor liquidity again today, with things slowly returning to normal next week.

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 12/27/2019)

ISO-NE Mass Hub \$26.53	MISO Indiana Hub \$23.66	NYISO Zone G \$23.33
PJM West Hub \$20.13	ERCOT North \$14.38	CAISO SP15 \$40.10

NYMEX NG	Close	Change
Dec-19	2.294	0.122
Jan-20	2.285	0.098
12 Month	2.309	0.062
Cal 20	2.309	0.062
Cal 21	2.413	0.007

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%

