

Early Morning Update

The Feb20 natural gas contract is trading up \$0.01 at \$2.13. The Feb20 crude oil contract is up \$2.22 at \$63.40.

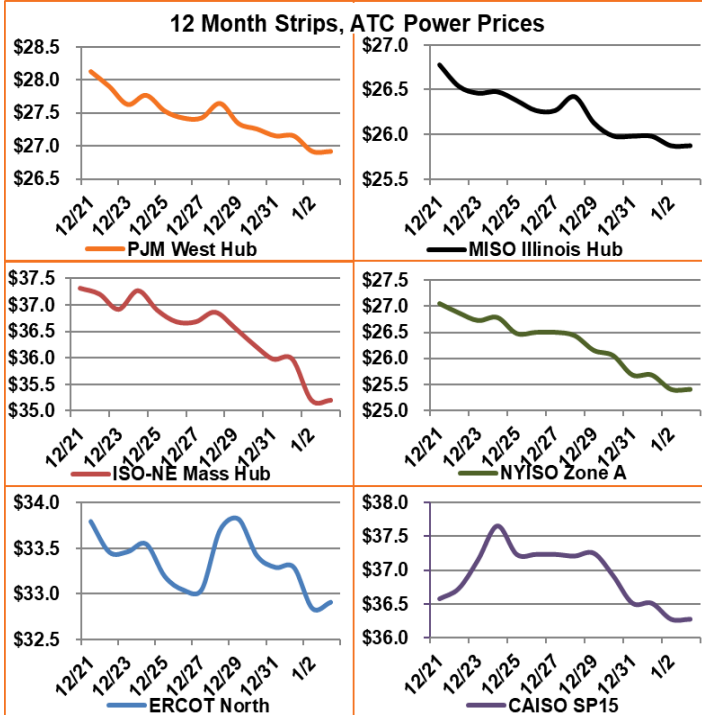
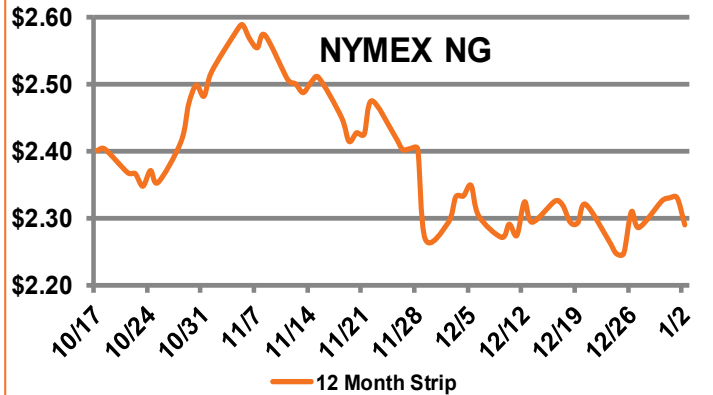
Summary: U.S. dry natural gas production has been slowly slipping this past week, declining more than 1.4 Bcf/d since Christmas to 91.0 Bcf/d today. The 0.8 Bcf/d day-over-day production loss was, however, more than offset by the 1.3 Bcf/d drop in U.S. demand, which stands at 86.5 Bcf/d. NYMEX natural gas futures prices continue to soften, with the prompt month losing 6.7 cents yesterday, settling at \$2.122/MMBtu, the lowest ever for Feb '20. Although the 2023-2025 calendar strips rose a bit in the final trading session of 2019, they also fell yesterday and are still less than a penny higher than the all-time lows that were set on Dec. 30. The U.S. Energy Information Administration is set to release their storage data for the week to Dec. 27 this morning, a day later than usual due to the New Year's holiday. Market analysts' estimates for the weekly withdrawal range from 44 to 76 Bcf, with a consensus at 62 Bcf. A pull at consensus would be much higher than last year's anemic 24 Bcf withdrawal for the corresponding week, but still much less than the 89 Bcf five-year average draw.

Bullish Factors

- Record LNG exports
- Growing NG exports to Mexico
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Bearish Factors

- Above average temperatures
- Higher associated gas production
- Healthy storage levels



Next Day On-Peak Power (traded for 1/3/2020)

ISO-NE Mass Hub \$26.63	MISO Indiana Hub \$24.50	NYISO Zone J \$19.68
PJM West Hub \$21.77	ERCOT North \$17.72	CAISO SP15 \$32.02
NYMEX NG		
	Close	Change
Feb-20	2.122	-0.067
Mar-20	2.093	-0.065
12 Month	2.290	-0.040
Cal 21	2.420	-0.004
Cal 22	2.415	-0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,250	3,411	2,732	3,319
Diff v. Current		-161	518	-69
% Diff			19.0%	-2.1%

