

Early Morning Update

The Feb20 natural gas contract is trading up \$0.01 at \$2.14. The Feb20 crude oil contract is up \$0.80 at \$63.85.

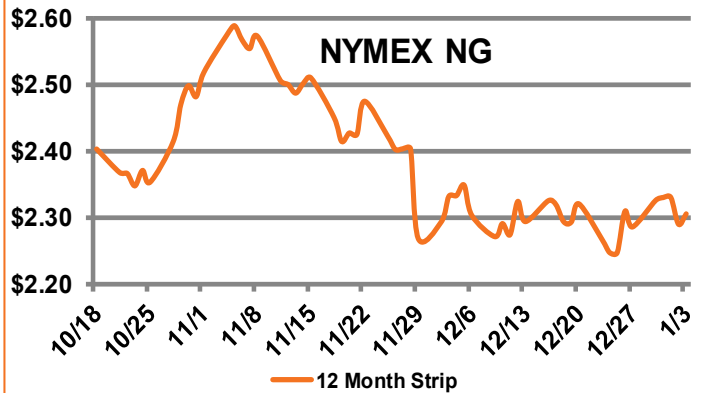
Summary: On Friday, the Feb19 NYMEX natural gas futures price remained relatively flat, rising just 0.8 cent on the day to settle at \$2.130/MMBtu. The settle price was only about two cents higher than the four-month low for the prompt month set last Thursday. The bears continue to win out this winter, as warmer weather dominates the eastern half of the country so far this month, causing a lack of demand for this time of the year, and supply remains at healthy levels. To start the year, U.S. dry production has dipped slightly, down from the all-time highs we saw last month, and is averaging just under 92.0 Bcf/d. As this low price environment holds, pressure is being put on natural gas producers, and this recent dip might mean that we are starting to see the fiscal discipline that they had been mentioning. Even with this recent dip in supply, demand looks to remain lower for this time of the year, as the forecasts show the warmer-than-normal temps lingering along the East through the 25th of the month. In the 6-10 day forecast, the Northeast is expected to see temps as much as 15 degrees above the 30-year normal. The colder forecasts remain to the western half of the country, calling for almost the complete opposite in temperature to the colder side compared to the East.

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 1/6/2020)

ISO-NE Mass Hub \$21.42	MISO Indiana Hub \$21.40	NYISO Zone J \$20.01
PJM West Hub \$19.89	ERCOT North \$16.81	CAISO SP15 \$34.77
NYMEX NG	Close	Change
Feb-20	2.130	0.008
Mar-20	2.112	0.019
12 Month	2.305	0.016
Cal 21	2.430	0.010
Cal 22	2.417	0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,192	3,250	2,708	3,230
Diff v. Current		-58	484	-38
% Diff			17.9%	-1.2%

