

Early Morning Update

The Feb20 natural gas contract is trading up \$0.01 at \$2.14. The Feb20 crude oil contract is down \$0.62 at \$62.65.

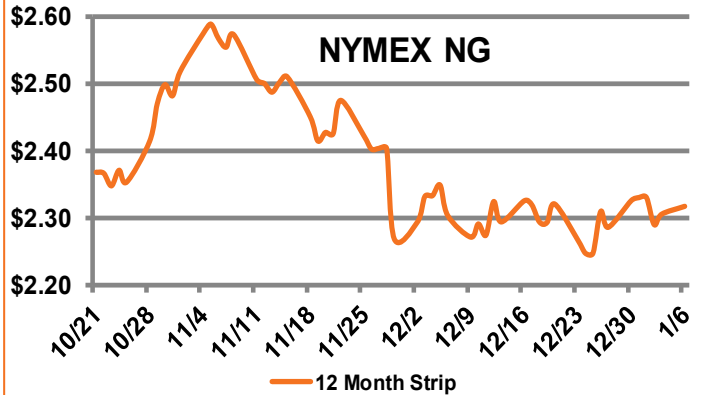
Summary: The broken record spins on as above-normal temperatures and strong production continue to weigh heavily on natural gas prices. Current near-term pricing seems to have found some balance and has barely moved over the last two trading days. The February contract closed a half cent higher from Friday's close and settled at \$2.135/MMBtu. This price is down 20 cents from last month, 80 cents from last year, and is still only a penny above its all-time low that was established on January 2nd. For historical context, January and February 2019 cleared at \$3.64 and \$2.95. Recent lows for other months were \$2.07 in September '19 and \$2.08 in October '19. The balance of 2020, as well as forwards through 2023, have remained near their record lows from the last few weeks as well, closing at \$2.24, \$2.40, \$2.41, and \$2.44, respectively. The current pricing environment is presenting very attractive buying opportunities that may not last very long, as these prices may not survive a colder back half of winter.

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 1/7/2020)

ISO-NE Mass Hub \$23.82	MISO Indiana Hub \$20.96	NYISO Zone J \$19.72
PJM West Hub \$26.85	ERCOT North \$16.09	CAISO SP15 \$39.71

NYMEX NG	Close	Change
Feb-20	2.135	0.005
Mar-20	2.134	0.022
12 Month	2.317	0.012
Cal 21	2.428	-0.002
Cal 22	2.418	0.001

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%

