

Early Morning Update

The Feb20 natural gas contract is trading up \$0.025 at \$1.92. The Mar20 crude oil contract is down \$01.23 at \$57.15.

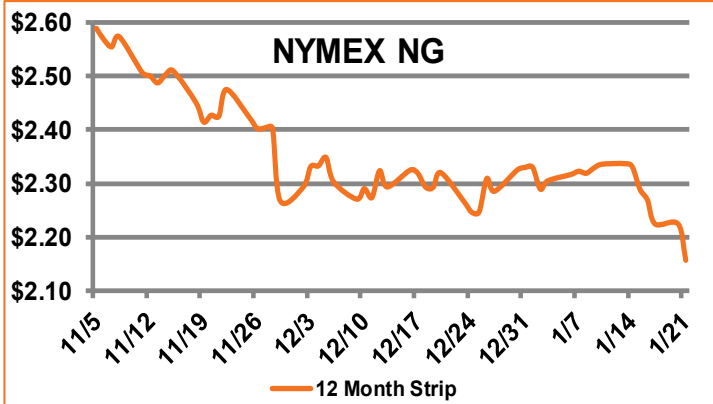
Summary: Yesterday saw the February prompt month NYMEX natural gas contract trading down over 10 cents to \$1.895/MMBtu from its close on Friday prior to the long weekend. The main driver continues to be the above-average temperatures in the forecast through the second week of February. The resulting lack of expected residential and commercial heating demand has pushed the February through May contracts all below the \$2 level, and the 2021 calendar strip closed down 1.5 cents to its lowest point yet. Preliminary natural gas production numbers for today show production dropping below 90 Bcf/d for the first time since July, which could be a sign that producers are finally reacting to the low pricing environment. Total demand has also pulled back from over the weekend, with most of the drop occurring in the ResComm sector as we exit a cold weekend. The U.S. Energy Information Administration's weekly storage report tomorrow is expected to show a withdrawal in the neighborhood of 85 Bcf, which would be significantly lower than last year and over 100 Bcf lower than the 5-year average for this time of year.

Bullish Factors

- Record LNG exports
- Growing NG exports to Mexico
- Dry production stalling

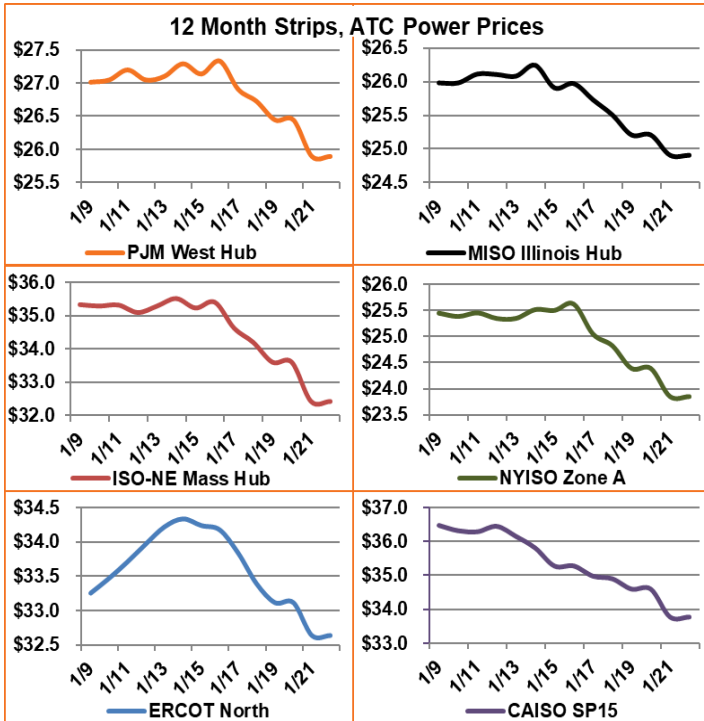
Bearish Factors

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



Next Day On-Peak Power (traded for 1/22/2020)

ISO-NE Mass Hub \$30.67	MISO Indiana Hub \$23.49	NYISO Zone G \$32.85
PJM West Hub \$25.53	ERCOT North \$19.00	CAISO SP15 \$31.09
NYMEX NG	Close	Change
Feb-20	1.895	-0.108
Mar-20	1.889	-0.096
12 Month	2.157	-0.067
Cal 21	2.397	-0.015
Cal 22	2.434	-0.010



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,039	3,148	2,545	2,890
Diff v. Current		-109	494	149
% Diff			19.4%	5.2%

