

Early Morning Update

The Feb20 natural gas contract is trading up \$0.06 at \$1.96. The Mar20 crude oil contract is down \$1.14 at \$55.60.

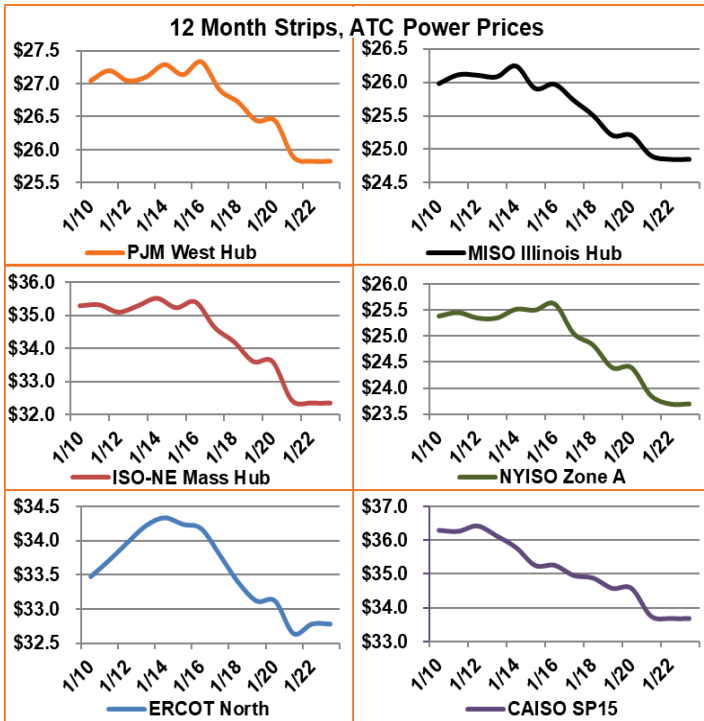
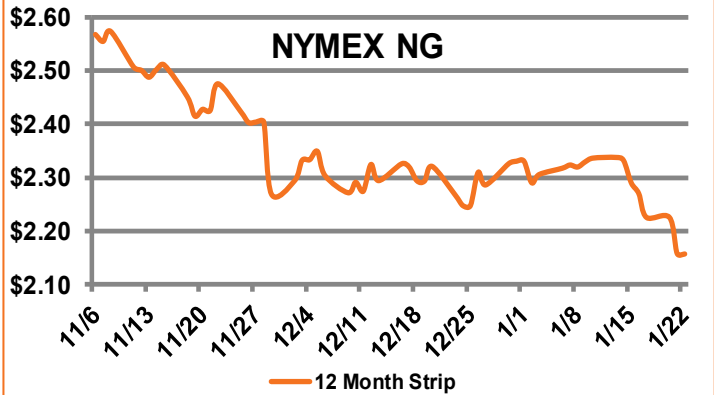
Summary: The market exuded little enthusiasm yesterday, as the prompt month gained just a penny and closed at \$1.905/MMBtu. The Mar '20 natural gas contract also gained just one cent, while the 12-month strip remained basically flat, as did calendar strips '21-'25. The incredibly bearish weather forecasts remain in the picture through the second week of February, which is putting strong downward pressure on NYMX natural gas prices. The main question on everyone's minds - how much lower can this really go? With production starting to wane, this could cause a rally in the market if supply can't keep up with demand. However, these extremely warm temperatures are causing residential/commercial heating demand to take a nose dive. If these same fundamentals persist, and especially if production picks up, we may see prices continue to fall at the front of the curve. Later on today, the EIA will release their weekly storage report. Market participants are expecting to see a withdrawal around 85 Bcf to be reported, which is 67 Bcf lower than last year and 109 Bcf lower than the 5-year average.

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 1/23/2020)

ISO-NE Mass Hub \$23.79	MISO Indiana Hub \$24.38	NYISO Zone G \$23.88
PJM West Hub \$25.76	ERCOT North \$19.02	CAISO SP15 \$30.34
NYMEX NG	Close	Change
Feb-20	1.905	0.010
Mar-20	1.900	0.011
12 Month	2.156	-0.001
Cal 21	2.392	-0.004
Cal 22	2.425	-0.009

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%

