

Early Morning Update

The Mar20 natural gas contract is trading down \$0.03 at \$1.83. The Mar20 crude oil contract is up \$1.03 at \$52.30.

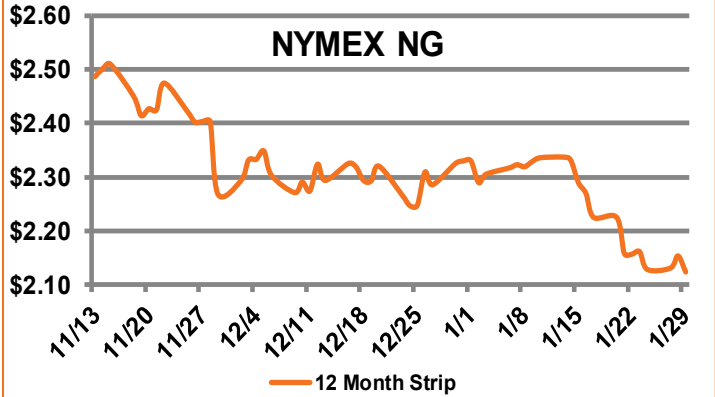
Summary: The February NYMEX natural gas contract expired yesterday with a bang, shedding 5.7 cents and setting a new all-time low, as it closed the day out at \$1.877/MMBtu. This is \$1.07 cheaper than where the Feb19 contract settled this time last year, and \$1.75 cheaper than two years ago. Just when we think we might see some excitement in the market with more winter-like conditions, weather forecasts continue to be revised to warmer-than-normal conditions. This was the case yesterday, as the above-average temperatures increased even higher in the 1-10 day range. Additionally, the weather forecast in the 11-15 day range that was previously showing above-average temperatures in the Southeast, was revised to encompass a larger area now inclusive of the entire East Coast and Northeast, major demand centers for natural gas. Later this morning, the EIA will release their weekly natural gas storage report, where a very large withdrawal of 225 Bcf is expected by market participants. If this actualizes, it would be 54 Bcf larger than last year's pull for the same week, and 82 Bcf larger than the 5-year average draw.

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 1/30/2020)

ISO-NE Mass Hub \$25.69	MISO Indiana Hub \$26.45	NYISO Zone G \$24.76
PJM West Hub \$25.70	ERCOT North \$24.20	CAISO SP15 \$27.47
NYMEX NG	Close	Change
Feb-20	1.877	-0.057
Mar-20	1.865	-0.043
12 Month	2.123	-0.030
Cal 21	2.349	-0.010
Cal 22	2.383	-0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,947	3,039	2,393	2,696
Diff v. Current		-92	554	251
% Diff			23.2%	9.3%

