

Early Morning Update

The Mar20 natural gas contract is trading up \$0.02 at \$1.84. The Mar20 crude oil contract is up \$0.79 at \$50.90.

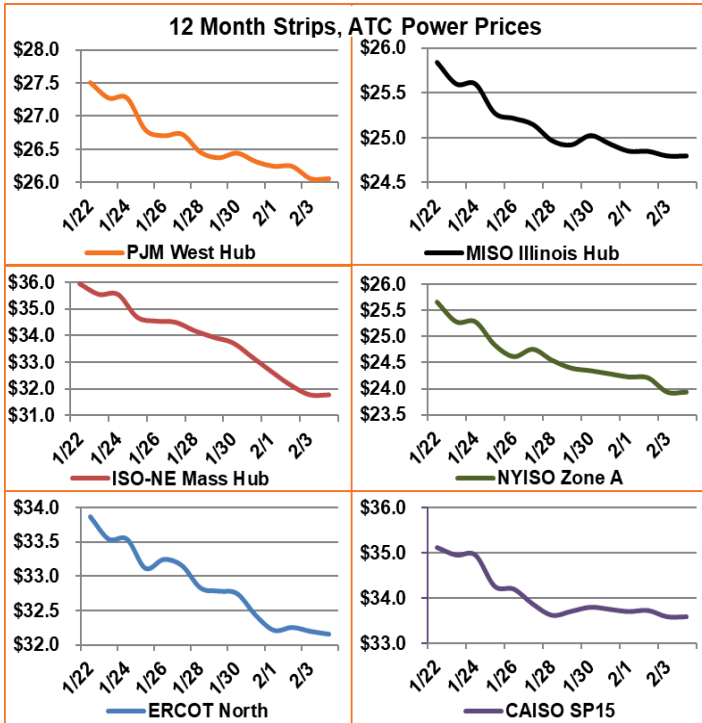
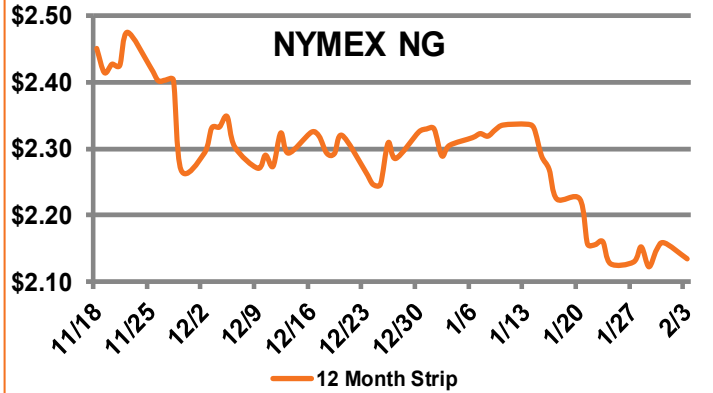
Summary: On Monday, the March 2019 NYMEX natural gas futures contract settled at \$1.819/MMBtu, down another 2.2 cents from Friday's close. We continue to see warmer-than-normal temperatures across the eastern half of the U.S. over the next two weeks, giving the market little incentive to raise prices. January now ranks as the 3rd warmest January nationally (7th warmest in ERCOT, 5th warmest across PJM, and 1st warmest across NEPOOL) in the last 70 years. Total U.S. natural gas supply is up 4.3 Bcf/d, and demand is down 4.2 Bcf/d year-over-year, overall contributing even more to the bearish outlook. The market continues to question whether producers are financially stable enough to continue production levels around 90 Bcf/d, or if the market will continue to see a downward natural gas production trend, which may cause a rebound in natural gas pricing.

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

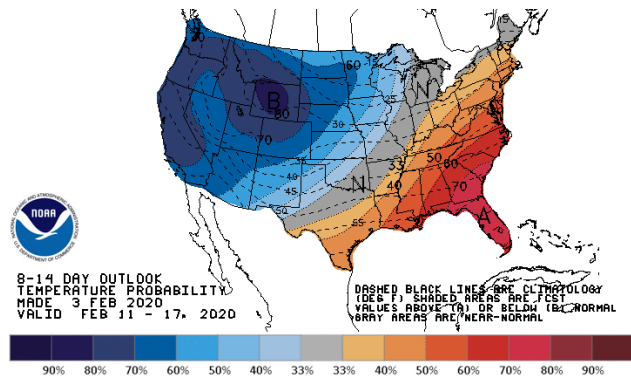
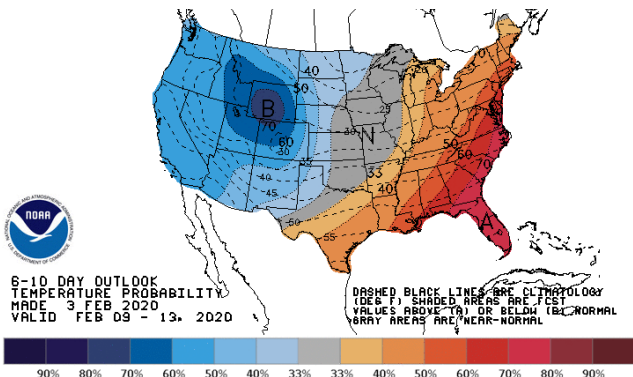


Next Day On-Peak Power (traded for 2/4/2020)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$23.26 | MISO Indiana Hub \$23.75 | NYISO Zone G \$20.47 |
| PJM West Hub \$19.28 | ERCOT North \$16.07 | CAISO SP15 \$32.99 |
| NYMEX NG | Close | Change |
| Mar-20 | 1.819 | -0.022 |
| Apr-20 | 1.862 | -0.024 |
| 12 Month | 2.135 | -0.024 |
| Cal 21 | 2.328 | -0.014 |
| Cal 22 | 2.376 | -0.011 |

EIA Natural Gas Storage

| | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
| Total | 2,746 | 2,947 | 2,222 | 2,553 |
| Diff v. Current | | -201 | 524 | 193 |
| % Diff | | | 23.6% | 7.6% |



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