

Early Morning Update

The Mar20 natural gas contract is trading down \$0.08 at \$1.78. The Mar20 crude oil contract is down \$0.12 at \$50.20.

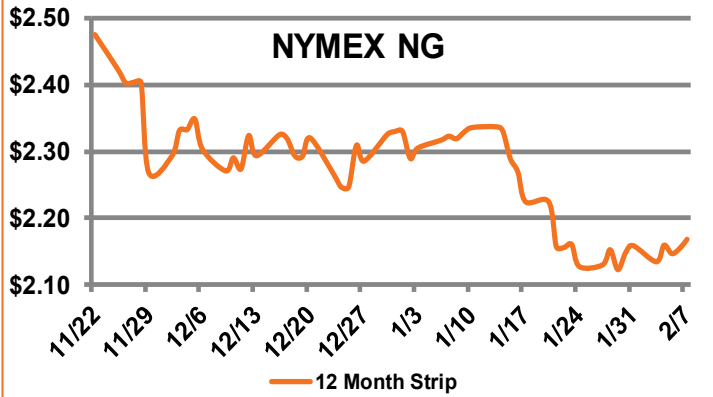
Summary: After the first snowstorm struck parts of the Northeast on Friday, weather forecasts continue to show above-normal temperatures for the balance of the month for the East Coast, with some cold shots mixing in. The trend of above-normal winter temps hasn't just been a U.S. phenomenon – winter heating demand across the entire northern hemisphere is down. In terms of heating degree days (HDD) so far this winter, the U.S. is 12% under the 10-year average, while Asia and Europe are down 14% and 13%, respectively. Without normal winter temperatures spurring demand, the market continues to search for supply and demand balance. The supply situation looks more bearish compared to last week, with end-of-winter estimates hedging higher to around 1.9 Tcf – about 300 Bcf higher than the 5-year average and 600 Bcf above last year. These bearish fundamentals allowed natural gas prices to hit new all-time lows for Cals 2021 thru 2025 last Wednesday, before bumping a penny higher later in the week. Cal 2021 & 2022 strips have traded under the \$2.40 resistance barrier since 1/21 & 1/24, respectively, and Cal 2023 is knocking on the \$2.40 door at \$2.42.

Bullish Factors

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

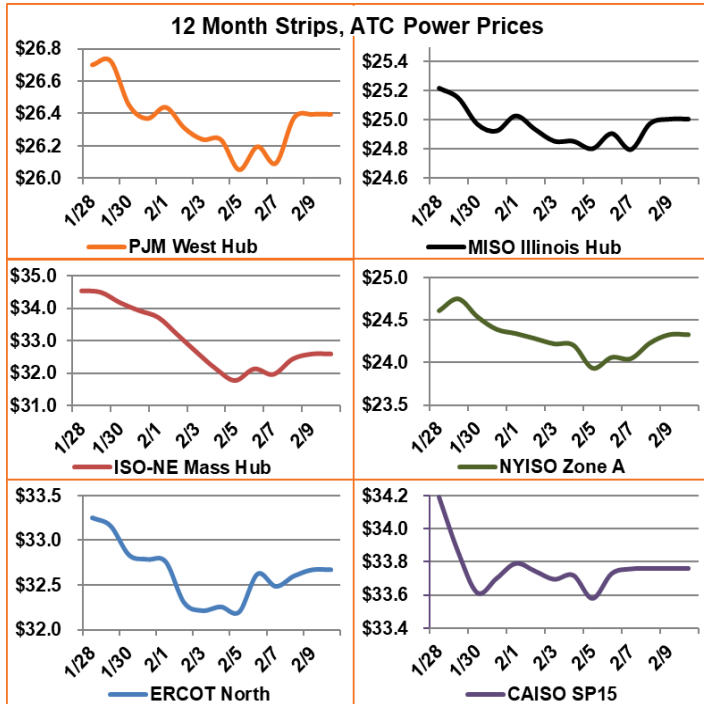
Bearish Factors

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



Next Day On-Peak Power (traded for 2/10/2020)

ISO-NE Mass Hub \$28.91	MISO Indiana Hub \$24.54	NYISO Zone G \$22.81
PJM West Hub \$22.45	ERCOT North \$22.16	CAISO SP15 \$30.27
NYMEX NG	Close	Change
Mar-20	1.858	-0.004
Apr-20	1.892	0.005
12 Month	2.169	0.014
Cal 21	2.354	0.024
Cal 22	2.410	0.019



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,609	2,746	1,994	2,410
Diff v. Current		-137	615	199
% Diff			30.8%	8.3%

