

Early Morning Update

The Mar20 natural gas contract is trading up \$0.02 at \$1.86. The Apr20 crude oil contract is down \$0.40 at \$49.50.

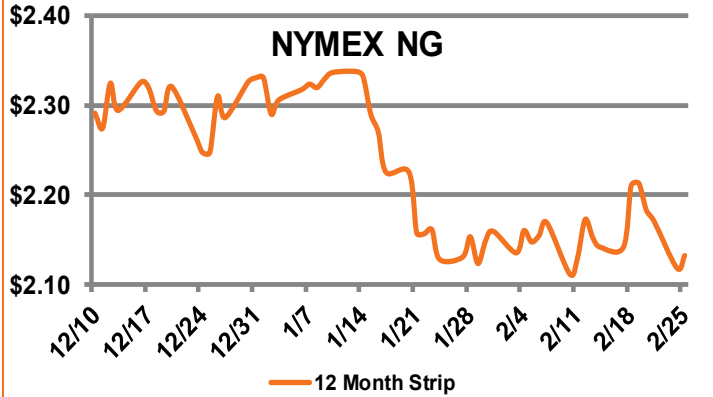
Summary: After losing almost eight cents in the opening trading session of the week on Monday, and on the heels of four consecutive days of declines, the March '20 natural gas contract gained back two cents yesterday, settling at \$1.847/MMBtu. Above-average temperatures and the accompanying low demand have kept the prompt month solidly below the \$2 threshold. Today is the final day of trading for March '20, with April taking the front spot on Thursday. U.S. demand for natural gas has averaged 99 Bcf/d so far this month, down 3.3 Bcf/d from last February. Demand is up 7.5 Bcf/d today from Tuesday at 97.0 Bcf/d, but is expected to fall back to 90.7 Bcf/d over the next two weeks. The falling demand is based on weather forecasts showing warmer-than-normal temperatures across all of the eastern U.S. continuing at least into the second week of March. The storage surplus to historical averages has been growing for most of this winter, with an end-of-season level anticipated to be 1,825 Bcf.

Bullish Factors

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

Bearish Factors

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



Next Day On-Peak Power (traded for 2/26/2020)

ISO-NE Mass Hub \$22.11	MISO Indiana Hub \$24.44	NYISO Zone G \$18.07
PJM West Hub \$19.93	ERCOT North \$25.94	CAISO SP15 \$26.15
NYMEX NG	Close	Change
Mar-20	1.847	0.020
Apr-20	1.851	0.008
12 Month	2.132	0.014
Cal 21	2.328	0.015
Cal 22	2.381	0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,343	2,494	1,730	2,143
Diff v. Current		-151	613	200
% Diff			35.4%	9.3%

