

Early Morning Update

The Apr20 natural gas contract is trading down \$0.04 at \$1.71. The Apr20 crude oil contract is down \$1.68 at \$45.41.

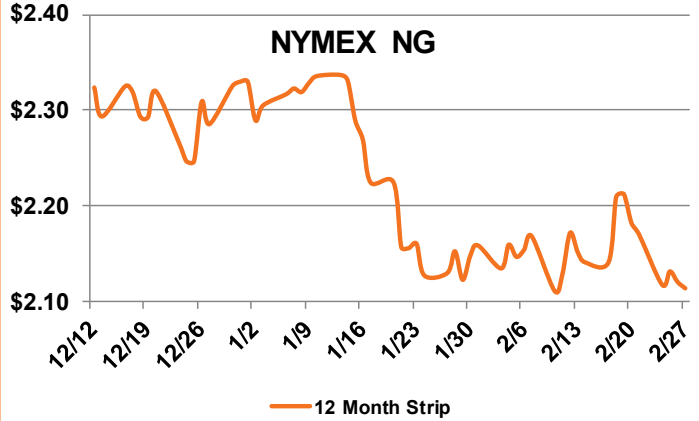
Summary: Everything was down yesterday! NG, power, crude, stocks, my 401k.... The prompt month fell \$0.085 to close the day at \$1.752. More warm weather forecasts and a bearish storage report led the decline. The EIA reported a draw of 143 Bcf, compared to expectations of a 156 draw. The lower draw, when coupled with above-average temps for nearly the entire country, gave the bulls little reason to push the market higher. The coronavirus and corresponding effects to the national and global economies are also likely helping to push prices lower. At the moment, there is little reason to hope for a return to a bullish price environment as all those factors are conspiring to keep prices low. Looking ahead, the ongoing sub-\$2.00 market is likely to keep producers from making significant investments in future production. So if there's a potential for a return to higher prices, it would have to come through slower production growth, or even production declines. Stay tuned.

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 2/28/2020)

ISO-NE Mass Hub \$23.79	MISO Indiana Hub \$24.50	NYISO Zone G \$21.22
PJM West Hub \$22.86	ERCOT North \$22.00	CAISO SP15 \$24.58

NYMEX NG	Close	Change
Apr-20	1.752	-0.085
May-20	1.800	-0.080
12 Month	2.114	-0.057
Cal 21	2.311	-0.019
Cal 22	2.383	-0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,200	2,343	1,563	2,021
Diff v. Current		-143	637	179
% Diff			40.8%	8.9%

