

Early Morning Update

The Apr20 natural gas contract is trading flat to yesterday's close at \$1.81. The Apr20 crude oil contract is down \$0.10 at \$28.60.

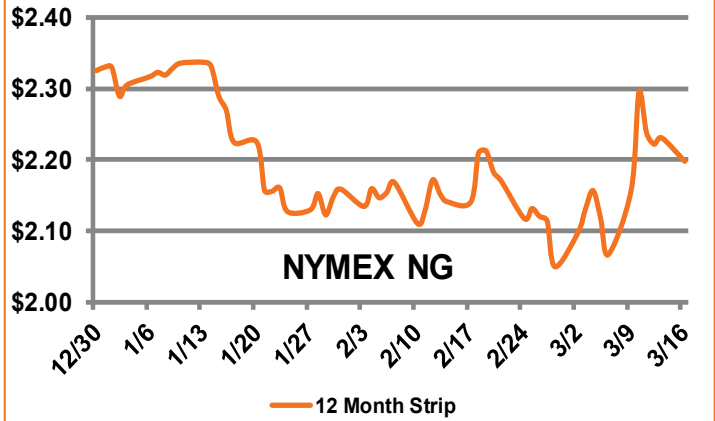
Summary: Yesterday the natural gas prompt settled at \$1.815/MMBtu, down over a nickel, while crude oil dipped even lower, settling at \$28.70. The 2022, 2024, and 2025 natural gas calendar strips all found fresh all-time lows, as well. To support shale companies, the federal government announced this past weekend they would purchase oil for the Strategic Petroleum Reserve, causing a slight price rally to just sub \$32.00 for prompt month crude. However, that price momentum died, as Saudi Arabia and Russia continue to oversupply the market amid low demand due to the COVID-19 crisis. While prompt natural gas prices have remained consistent from yesterday, U.S. demand is down 3.3 Bcf/d at 87.2 Bcf/d, and total demand is down 2.8 Bcf/d at 101.2 Bcf/d day-over-day. Both indicators suggest the market could dip lower despite associated natural gas supply concerns. U.S. dry production is steady at around 92 Bcf/d. The 1 to 5-day weather outlook shows above-normal temperatures across the eastern half of the country, and cooler temperatures creeping in from northern Canada and into the Midwest. This weather pattern continues through the 6 to 20-day outlook.

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 3/17/2020)

| | | |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub \$20.06 | MISO Indiana Hub \$24.87 | NYISO Zone G \$18.92 |
| PJM West Hub \$22.75 | ERCOT North \$30.00 | CAISO SP15 \$35.00 |
| NYMEX NG | Close | Change |
| Apr-20 | 1.815 | -0.054 |
| May-20 | 1.853 | -0.048 |
| 12 Month | 2.198 | -0.033 |
| Cal 21 | 2.351 | -0.005 |
| Cal 22 | 2.339 | 0.000 |

EIA Natural Gas Storage

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| Total | 2,043 | 2,091 | 1,247 | 1,816 |
| Diff v. Current | | -48 | 796 | 227 |
| % Diff | | | 63.8% | 12.5% |

