

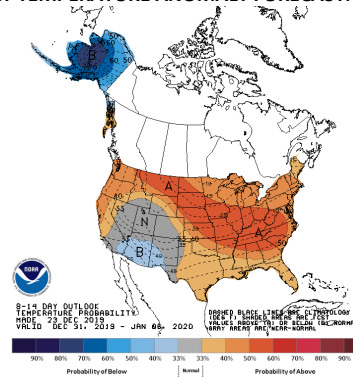


**NATURAL GAS MARKET UPDATE**

December 24, 2019

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**NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:**



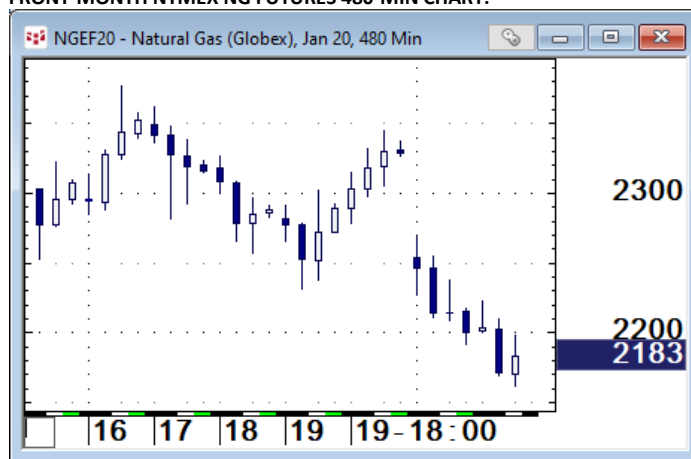
**NYMEX HENRY HUB SETTLEMENT PRICES:**

12/24/19	Settle	Season	Year	Year	Year
Jan20	2.172	Jan20-Mar20	2.166	Cal 20	2.247
Feb20	2.187	Apr20-Oct20	2.222	Cal 21	2.405
Mar20	2.138	Nov20-Mar21	2.540	Cal 22	2.418
Apr20	2.123	Apr21-Oct21	2.299	Cal 23	2.454
May20	2.151	Nov21-Mar22	2.574	Cal 24	2.499
Jun20	2.205	Apr22-Oct22	2.305	Cal 25	2.536
Jul20	2.258	Nov22-Mar23	2.588	Cal 26	2.561
Aug20	2.269	Apr23-Oct23	2.343	Cal 27	2.608
Sep20	2.259	Nov23-Mar24	2.654	Cal 28	2.653

**DOMINION-SOUTH FIXED-PRICE MARKETS (NYMEX/HENRY+ ICE DOM-SOUTH BASIS):**

Month	Price	Season	Price
Jan-20	1.7445	Jan20-Mar20	1.7782
Feb-20	1.8170	Apr20-Oct20	1.7591
Mar-20	1.7730	Nov20-Mar21	2.1409
Apr-20	1.7655	Apr21-Oct21	1.8092
May-20	1.7535	Nov21-Mar22	2.1669
Jun-20	1.8025	Apr22-Oct22	1.7649
Jul-20	1.8605	Calendar 2020	1.8055
Aug-20	1.8365	Calendar 2021	1.9542
Sep-20	1.6440	Calendar 2022	1.9230
Oct-20	1.6510	Calendar 2023	1.8768
Nov-20	1.8665	Calendar 2024	1.8883
Dec-20	2.1520	Calendar 2025	1.9258

**FRONT-MONTH NYMEX NG FUTURES 480-MIN CHART:**



CQG Inc. © 2019 NGEF20,480 | 12/24/2019 14:45:27, CQG 20.9.8043

**DAILY CASH MARKET PRICES (for GD24):**

Columbia Gas Transmission (TCO)	1.910
Dominion South Point	1.865
Henry Hub	2.160
Socal, citygate	5.650
Sumas	3.465
Tennessee Gas Pipeline Zone 6 North	5.010
Transco Zone 5 South	2.180
Waha	0.960

**WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:**

As of Week Ending:	12/13/2019	Build/(Draw)
Current Storage	3,411 Bcf	(107) Bcf
		Surplus/(Deficit)
Last Year Storage	2,793 Bcf	618 Bcf
5-Year Average	3,420 Bcf	(9) Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (12/27/2019)		(155) Bcf
End of Injection Season Storage (04/09/2020)		1,710 Bcf

**Market Commentary:** Winter is turning into a bust for the NG market, with the hope for a return of the cold air experienced last month pushed off numerous times now, and there is currently no major cold shift in the forecast anytime soon despite the calendar. It may be the end of the year and officially winter, but the Fall season offered more promise for natural gas prices, as mild air has dominated the forecast for the bulk of December, and the way the weather maps are looking currently that is expected to continue as we move into January and the new year. Last week turned out to be fairly quiet and the 2.30 level continued to act as a magnet for prices, with attempts to rally above 2.35 and sell down below 2.25 both thwarted quickly, but this past weekend the forecast turned milder yet, which was too much for the market to grapple with, and prices gapped down into the lower 2.20's Sunday night and have trended lower since then, with today seeing a low print of 2.162 which is within half a penny of the all-time contract low for the Jan20 futures contract, which was 2.158 hit back two weeks ago. The selling has not been confined to the front of the curve, with Cal31 Nymex prices (which are 11 years away) having come down 30 cents over the past month and down 80 cents over the past 6 months as the market faces an indefinite oversupply problem. Winter weather is when natural gas demand is the most elevated, so the fact that we are experiencing mild conditions right now would be challenging for prices even in a balanced market, since the balance would be thrown off by the lightened demand, but in an oversupplied market it becomes even more of a problem. It can still get cold for much of Jan and Feb, which would help, but with December written off at this point and with storage expected to enter Jan above 3.1 Tcf, it might be a stretch to expect any kind of truly bullish price scenario to unfold in what we have left of winter, but it could certainly get less bad and if it got cold and stayed that way that could still help to shift summer sentiment away from the ultra-bearish mindset that seems to predominate currently. One bright spot is the fact that the stock prices of natural gas producers have all rallied sharply, which some say is predictor of commodity price swings as the stocks of producers tend to turn first in some cycles, but whether these stocks have truly turned the corner or merely experienced a so-called "dead cat bounce" remains to be seen. With the speculative short position in NG futures hovering in record territory, it would not take a huge change in the weather outlook to create a major ripple in the market, but on the flip side that change in the weather outlook needs to come about sooner than later to have more than a fleeting impact on prices.

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