



WEEKLY NATURAL GAS MARKET UPDATE

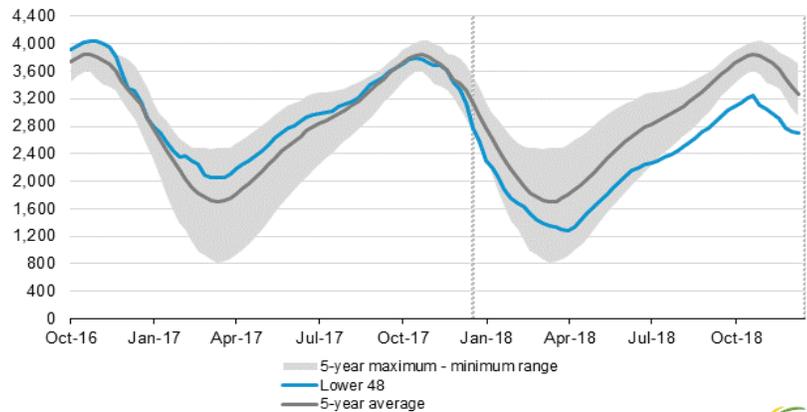
JANUARY 7, 2019

The Feb-2019 NYMEX natural gas contract closed Friday at \$3.044, down \$0.259 for the week. The 12-month strip average price of natural gas fell by \$0.139 over the same period. The Feb-2019 NYMEX crude oil contract closed Friday at \$47.96 up \$2.63 for the week. Updated NOAA forecasts suggest that mild temps will persist for most of the US in the weeks ahead with signs of below normal temps now pushed back to late this month. Baker Hughes reported on Friday that the US natural gas rig count was unchanged at 198 while total rigs (gas/oil combined) were down by 8 to 1075. In its most recent natural gas storage data, the EIA reported a withdrawal of 20 Bcf from national inventories, a number much lower than consensus market expectations. Early estimates for this week's report indicate an expected withdrawal in the range of 75 to 85 Bcf vs. a withdrawal of ~340 Bcf for the same week last year and a 5-yr avg. withdrawal of ~190 Bcf. i.e. storage deficits are shrinking rapidly with this mild weather pattern.

EIA NATURAL GAS STORAGE REPORT
Week Ending December 28, 2018

Region	Inv. Level	Week Δ	Year Ago	5yr Avg.
East	661	-15	746	764
Midwest	798	-20	884	892
Mountain	147	-3	185	184
Pacific	220	-3	270	296
S. Central	878	+20	1070	1127
Total	2705	-20	3155	3265

WORKING GAS IN UNDERGROUND STORAGE
COMPARED WITH 5-YEAR RANGE

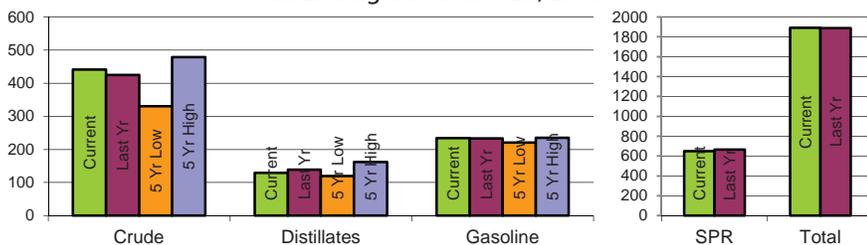


Source: U.S. Energy Information Administration



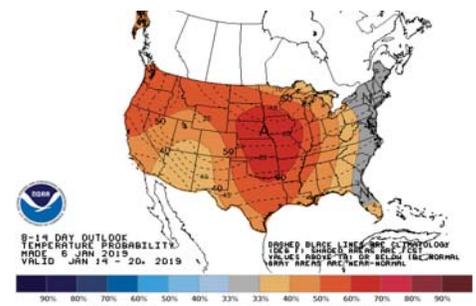
Storage Highlights: Working gas in storage was 2,705 Bcf as of Friday, December 28, 2018, according to EIA estimates. This represents a net decrease of 20 Bcf from the previous week. Stocks were 450 Bcf less than last year at this time and 560 Bcf below the five-year average of 3,265 Bcf. At 2,705 Bcf, total working gas is below the five-year historical range.

EIA PETROLEUM INVENTORY (BARRELS X 1000)
Week Ending December 28, 2018

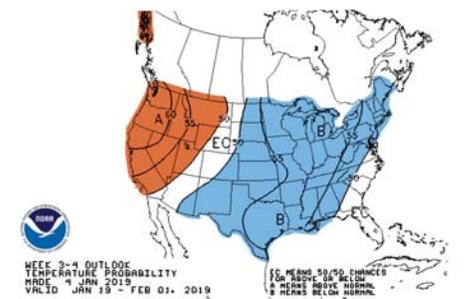


U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) remained virtually unchanged from the previous week. At 441.4 million barrels, U.S. crude oil inventories are about 8% above the five year average for this time of year. Total motor gasoline inventories increased by 6.9 million barrels last week and are about 5% above the five year average for this time of year. Finished gasoline and blending components inventories both increased last week. Distillate fuel inventories increased by 9.5 million barrels last week and are about 7% below the five year average for this time of year. Propane/propylene inventories decreased by 1.6 million barrels last week and are about 5% below the five year average for this time of year. Total commercial petroleum inventories increased last week by 14.6 million barrels last week.

8-14 DAY TEMP OUTLOOK (NOAA)



WEEK 3-4 TEMP OUTLOOK (NOAA)



BAKER HUGHES US NATURAL GAS RIG COUNT, 01/04/2019

	This Week	+/-	Last Week	+/-	Year Ago
Gas Rigs	198	-0-	198	+16	182