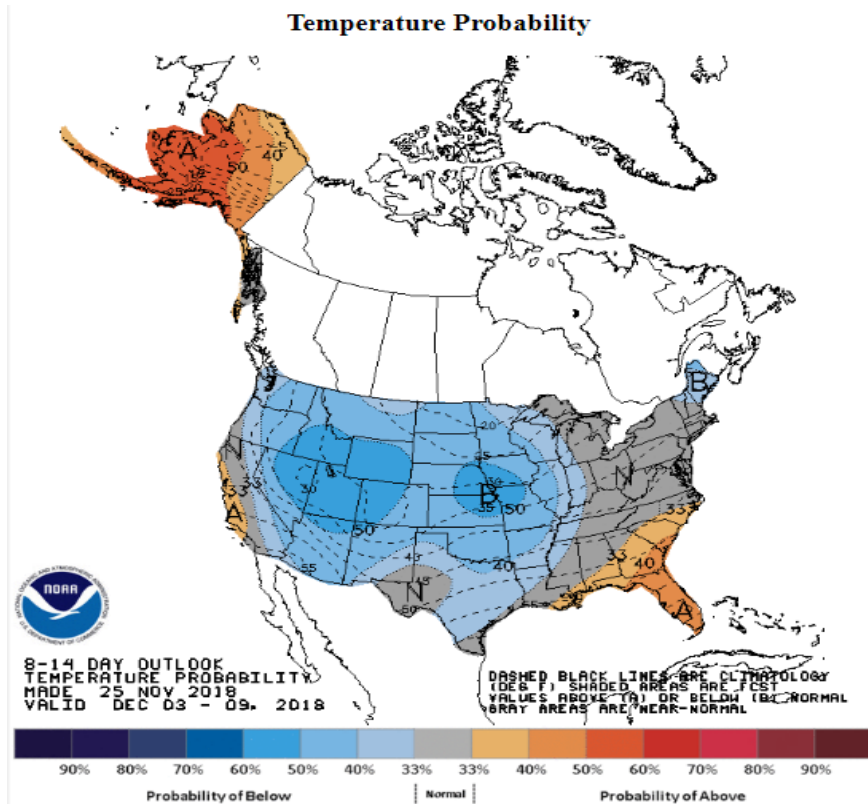
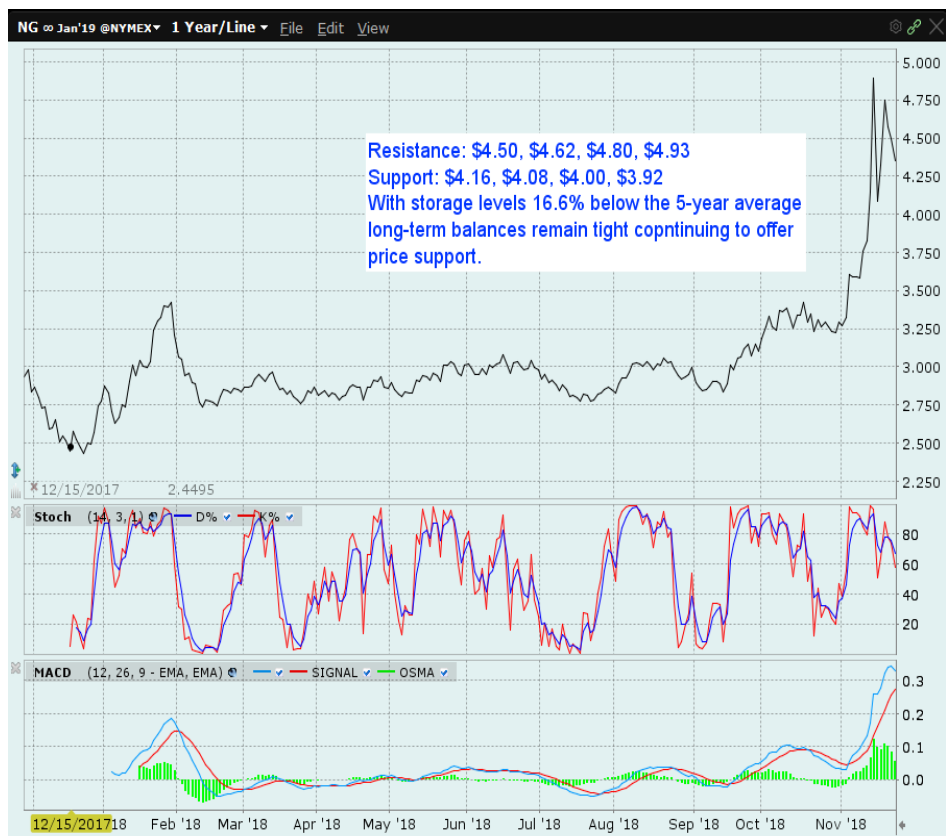


Market Update: 11/25/2018

Technical: Nat gas continued its wild ride last week with high volatility and low liquidity. Swinging between \$4.16 and \$4.93, the market looks to be searching for value after the massive short covering induced spike. Stochastics is at overbought levels but is trending lower indicating potential price weakness in the coming days. MACD remains above zero indicating the bulls are in control. However, there are early signs of a potential bearish cross occurring in the next couple of trading days indicating the possibility for short term weakness. Although momentum indicators indicate price weakness, the large storage deficit should provide price support preventing winter prices from moving much below \$4.00.

Fundamentals: Last week's EIA natural gas storage number came in bullish to market expectations and the 5-year average pushing the storage deficit to 16.6% below the 5-year average. Nat gas production is hovering near record highs, but demand has been higher with heating demand and LNG exports leading the way. The continuing trend of tight balances is telling us the storage deficit won't be corrected anytime soon, unless we see a long stretch above normal temps to help reduce heating demand. Until we see a shift, \$4.00 winter gas may be with us for a while. If Mother nature blesses the ski resorts with below normal temps into December and January, we may see price make new high's extending well into the \$5.00 range. A final thought is with crude oil falling back to \$50 we may see a dip in drilling and production reducing the associated gas that comes with it putting additional pressure on already tight natural gas balances.

Final Thoughts: Don't let the high winter prices prevent you from renewing your contract(s). The back of the curve is still





trading below \$3.00 offering decent value. That said, if Mother Nature blasts us with more below normal temps, it may not be cheap for long. I encourage obtaining pricing sooner than later and locking in any available savings. With a large storage deficit, long-term balances are tight leaving the market vulnerable to below normal temps and higher prices.