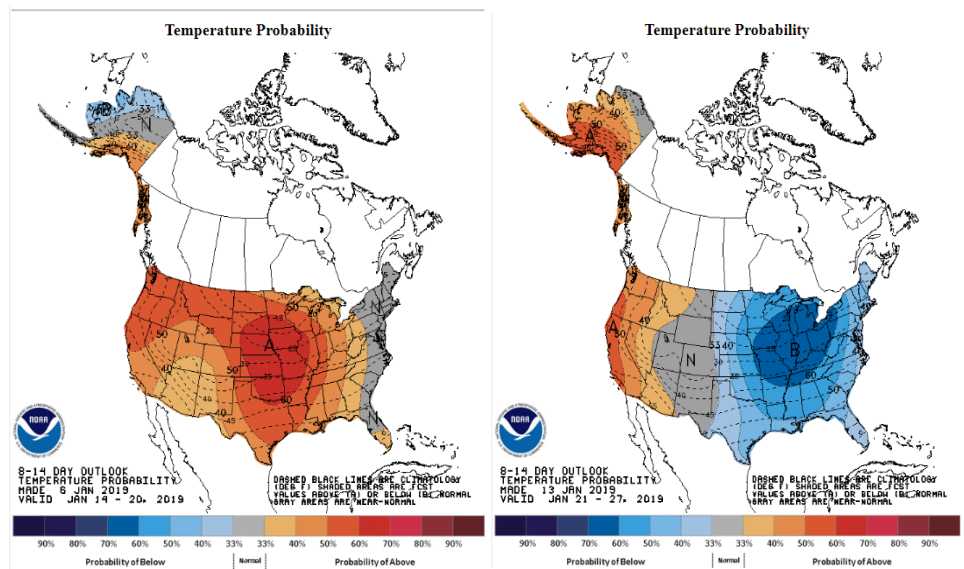


Market Update: 1/13/2019

Technicals: Over the last several trading sessions natural gas found support around the \$2.90 - \$3.00 level, but now looks to be making a move higher. Stochastics is attempting to move higher and out of oversold territory suggesting buying heading our way. MACD is still below zero indicating the bears are still in control but the downward trend is weakening with a bullish cross threatening indicating possible short-term strength. Friday's high pushed into the gap. With short term momentum looking positive, I would not be surprised to see prices continue to move higher testing gap resistance at \$3.278. a close above \$3.278 could send prices quickly up to \$3.50-\$3.55. Failure to close above \$3.278 indicates a strong resistance level with prices likely drifting back down to \$3.16 and possibly testing the \$2.90 - \$3.00 support level.

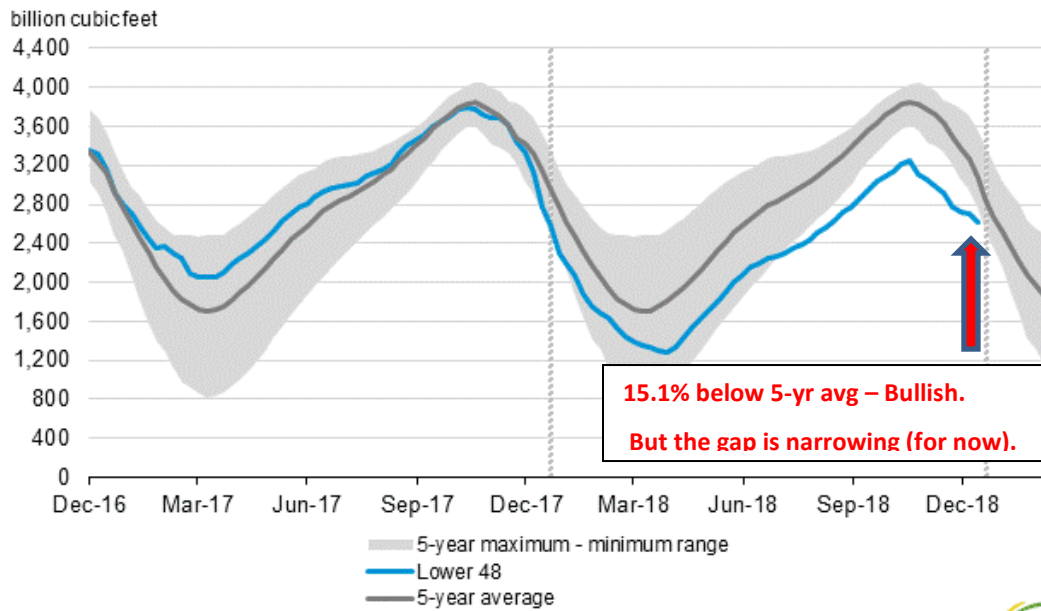
Fundamentals: Last week's nat gas storage report came in bullish to market expectations but bearish compared to the 5-year average bringing storage levels down to ~15% below the 5-year average from ~ 17% last week. It's a welcome move in the right direction. That said, there's still plenty of winter left. In fact, NOAA's 8-14 day forecast has recently shifted from above normal temps for most of the country to below normal temps in the eastern half. The resulting increase in demand should once again put upward pressure on price. The duration and intensity of the cold weather will dictate how high prices will rally. Bottomline – with storage levels still low, risk is elevated.



Final Thoughts: For those who have not locked in, and have expiration dates in February or March 2019, it may be too late. Most weather models are showing a return to below normal temps for the back half of January. The increase in heating demand should put significant upward pressure on price. Depending on your region and utility, you may want to consider an April 2019 start date. For now, the back of the curve is still cheap offering good value



Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2014 through 2018. The dashed vertical lines indicate current and year-ago weekly periods.

