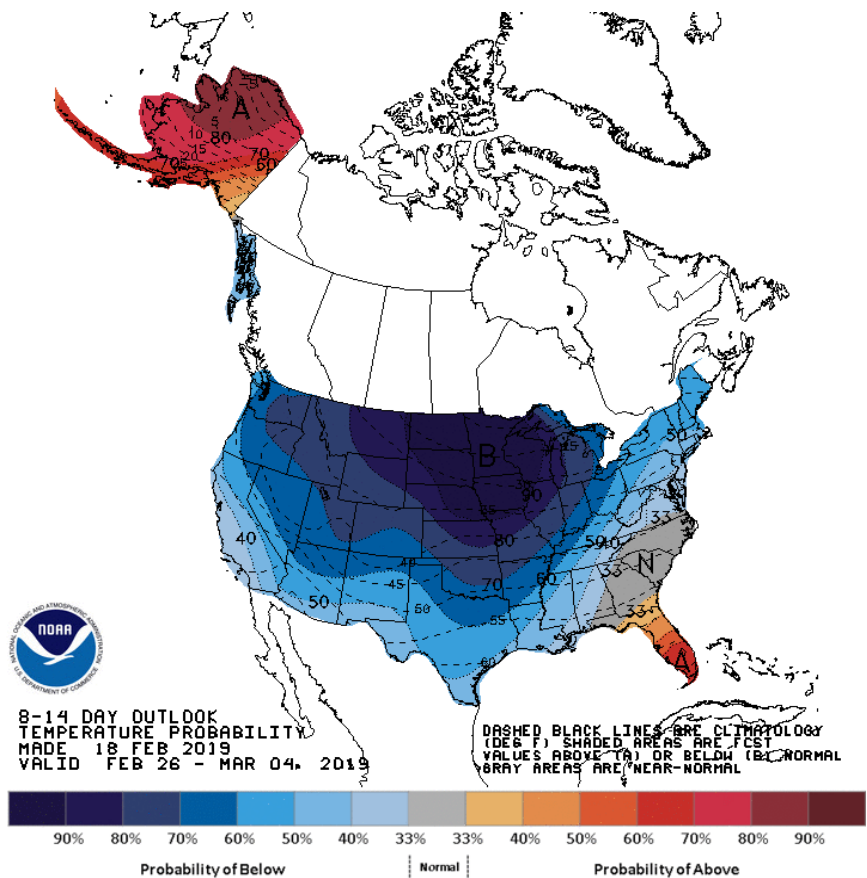


Market Update: 2/18/2019

Technicals: Hope everyone had a nice holiday. Last week nat gas started off strong but ended up drifting lower settling into a range between \$2.55 - \$2.75. Stochastics is still in oversold territory but with a slight upward bias. MACD remains below zero indicating the bears are still in control. However, the divergence from last week is still present indicating support at \$2.55 may hold. My thought is we'll need to see some bearish weather changes and/or bearish EIA numbers in the next week or so for the market to break much lower. More cold weather will likely see prices drift higher testing resistance levels.

Fundamentals: Last week's storage report was slightly bearish relative to market expectations and the 5-year average. It's fair to note the storage deficit improved from 17.5% below the 5-year average to 15%. A good sign for sure. However, the colder temps have analyst calling for the next couple of numbers to be larger than last year and the 5-year, which will again push the deficit wider making it likely we'll end the withdrawal season around 20% below the 5-year average. To bring storage levels back in line we'll need to see a combination of lower demand than last years, and higher NG production. Looking at NOAA's 8-14 day temp forecast we see below normal temps that will keep demand high. For now, the market doesn't seem to care as prices remain on the low side hovering between \$2.55 and \$2.75. My concern is if weather demand remains elevated and supply flat, the market may be in for another significant short covering rally.

Final Thoughts: For those with expiration dates coming up, I would seriously consider obtaining pricing to take advantage of this price dip. With storage levels still showing a significant deficit to the 5-year average the market is vulnerable to weather risk and another price spike. If you're able to lock in a savings and remove storage and weather risk I would strongly consider it.





July nat gas remains range bound.

