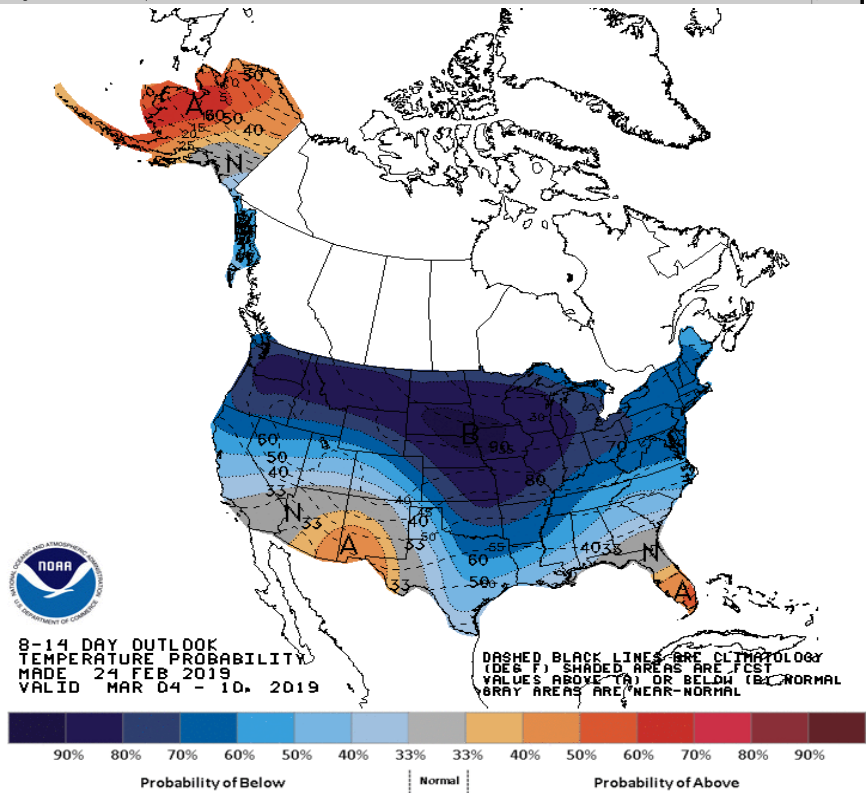


Market Update: 2/24/2019

Technical: The March contract expired last week, so we're now looking at April. For the week, prices rallied \$.083 or 3%, closing at \$2.739 testing our \$2.74 resistance level. Below average forecasted temps for the beginning of March are helping to support price. Stochastics has risen to overbought levels suggesting sells may enter the market in the coming days. MACD remains below zero indicating the sellers are still in control. However, the recent price strength recently triggered a MACD bullish cross indicating bullish momentum. If forecasts for the beginning of March continue to show below normal temps, prices may push above resistance at \$2.74 and possibly \$2.85. If forecasts trend warmer, I expect price to drift lower and back into the recent range.

Fundamentals: Last week's storage report was pretty much in line with market expectations, but bullish relative to the 5-year average pushing the deficit back out to 17.5% below the 5-year average. It's fair to note the storage deficit has been below the 5-year average, and often below the min-max levels (grey area) for about a year now. See chart below. Regardless of how strong supply has been, and it's been strong, demand has been keeping pace or exceeding supply. Assuming this pattern continues the market will be vulnerable to another price spike if we see (early) summer heat. Combined with a weak El Nino condition risk is elevated as we head into summer.

Final Thoughts: For those with expiration dates coming up, I would seriously consider requesting pricing to take advantage of this price dip. For those willing to take more risk, you may want to wait and see if prices drift lower and back into the range. That being said, if you're able to lock in a savings and remove storage and weather risk I would strongly consider it. A little tricky at these levels. I tend to be error on the risk avoidance side especially if I can generate a savings and meet/exceed budgets.

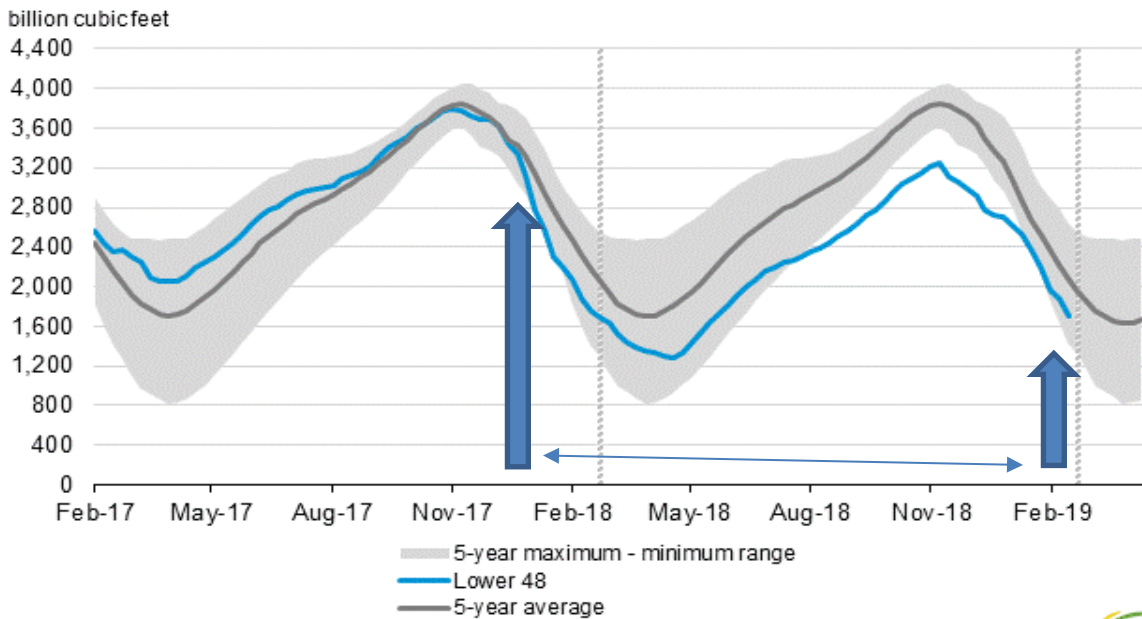




July 2019 nat gas contract.



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.

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