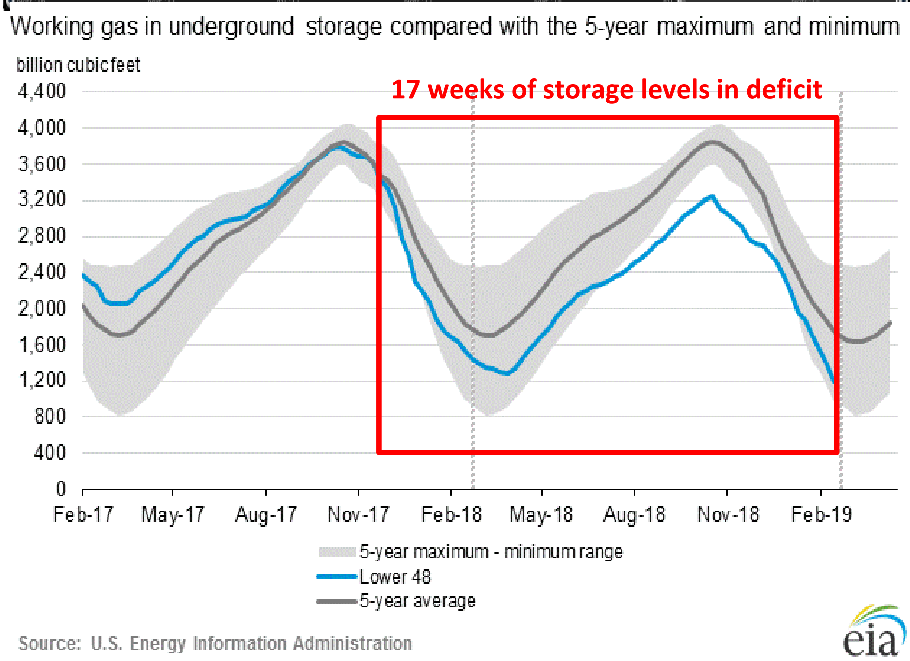
Market Update: 3/17/2019

Technicals: Despite recent below normal temps, and a widening storage deficit to the 5-year average, spot month natural gas prices failed to move higher. For now, natty seems comfortable hanging between $2.75 and $2.90. Stochastics has finally moved out of overbought territory and is moving lower but approaching mid-support at 50. MACD is above zero indicating the bulls are in control, but is showing signs of a potential bearish cross indicating a weakening of price strength. Short-term momentum seems to favor lower prices and a test of support at $2.75, and possibly $2.70.

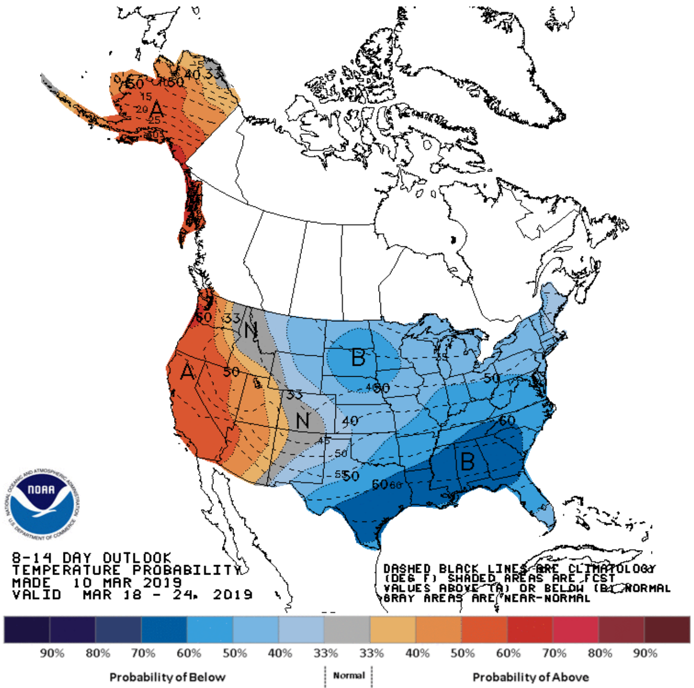
Fundamentals: Last week's EIA's nat gas storage report showed a 204 Bcf draw, which was in in-line with expectations, but very bullish to the 5-year average draw of 99 Bcf, widening the deficit to a whopping 32.4% below the 5-year average, leaving the market with a lot of ground to make up as we head into summer. With price unable to move higher, it appears the market is confident nat gas production will continue to break records, as the EIA is predicting, throughout the balance of 2019 and into 2020. That said, for 17 weeks we have seen storage levels at a deficit indicating demand has been consistently greater than supply for some time now, even in the face of record production. A continuation of this trend may lead to an explosive and volatile situation as we head into summer. Any hint of above normal summer temps may quickly send prices back over $3.00. Short-term, warmer spring temps will ease the storage deficit. Looking ahead, many market participants are calling for end of summer storage levels to come in at ~3.5 Bcf, which is only ~ 5% below the 5-year average. This is a significant improvement from the current 32.4%, but a deficit never the less.



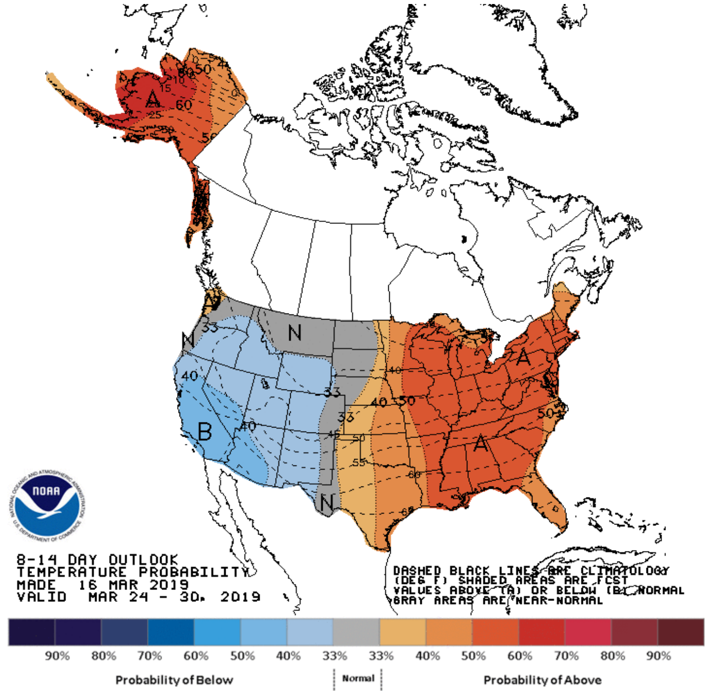
Final Thoughts: With such a large storage deficit staring us in the face I believe risk-reward favors higher prices. Therefore, I favor buying dips and locking in a savings if any savings are to be had. Any hint of above normal summer temps or a hiccup in production can quickly send prices back over $3.00.

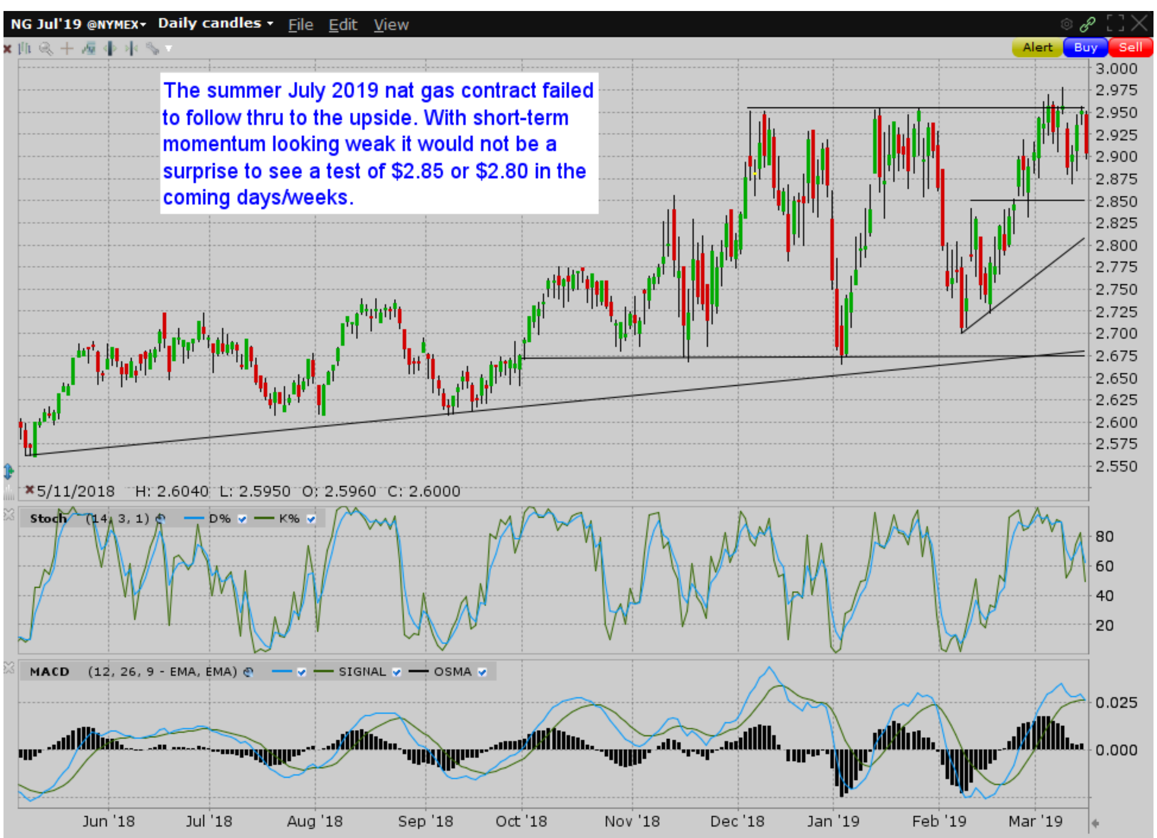
Phone: 203.940.2851 T George Vatis Email: T@TGVSolar.com

Old



New





Phone: 203.940.2851 T George Vatis Email: T@TGVSolar.com