

Early Morning Update:

The Oct18 natural gas contract is trading down \$0.07 at \$2.85. The Oct18 crude contract is up \$0.50 at \$70.30.

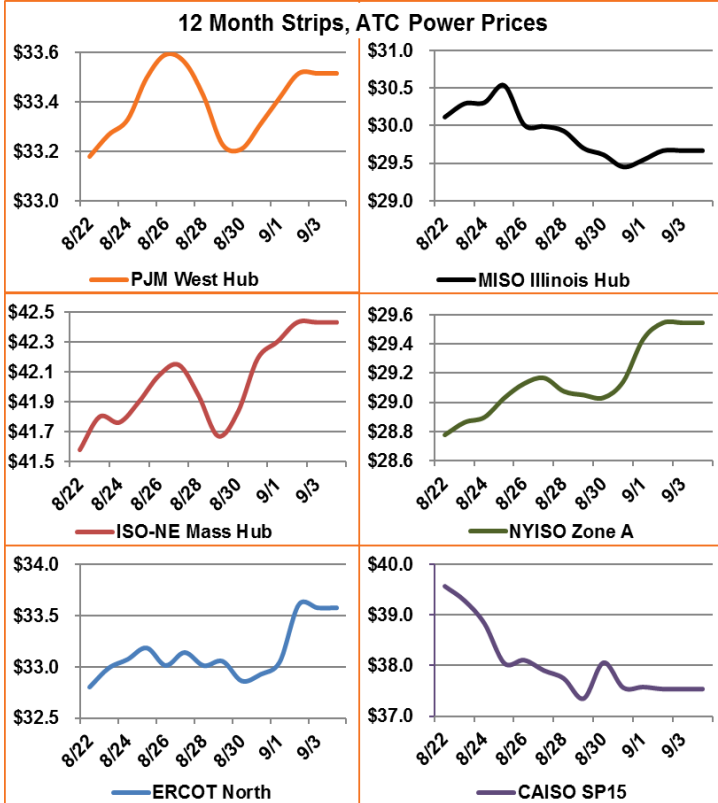
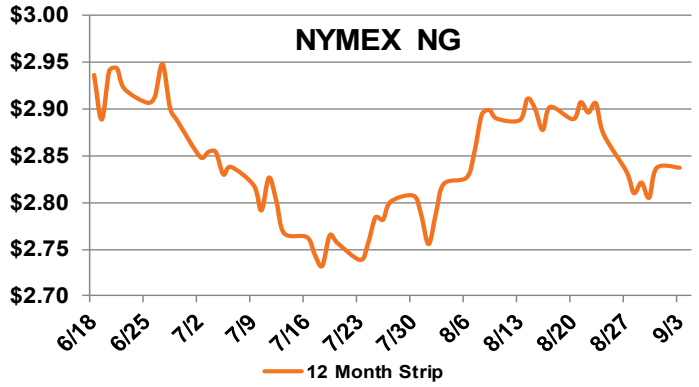
Summary: Ahead of the holiday weekend, natural gas futures strengthened on high near-term temperatures and the expected continuation of meager gas storage levels. October 2018 increased four cents to \$2.916/MMBtu, the 12-month strip gained three cents to \$2.837, and the 2019 and 2020 years have risen 2.7 and 1.9 cents to \$2.787 and \$2.636, respectively. Weather on the coasts is expected to exceed normal temperatures by 3-5 degrees for at least the next two weeks, continuing a strong, if not record-setting, demand period. Production is helping to offset this at least a bit, as a new all-time high level was set on 9/2 at 83.4 Bcf/d. Storage levels have not recovered, and the historical comparisons for the next three weeks look to extend and even potentially deepen the storage deficit.

Bullish Factors

- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



Next Day On-Peak Power (traded for 9/4/2018)

ISO-NE Mass Hub \$73.09	MISO Indiana Hub \$48.50	NYISO Zone G \$58.00
PJM West Hub \$51.98	ERCOT North \$30.05	CAISO SP15 \$40.48
NYMEX NG		Change
Oct-18	Close 2.916	0.042
Nov-18	2.939	0.038
12 Month	2.837	0.032
Cal 19	2.787	0.027
Cal 20	2.636	0.020

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,505	2,435	3,151	3,093
Diff v. Current		70	-646	-588
% Diff			-20.5%	-19.0%

