

Early Morning Update:

The Oct18 natural gas contract is trading up \$0.02 at \$2.79. The Oct18 crude contract is up \$0.46 at \$69.45.

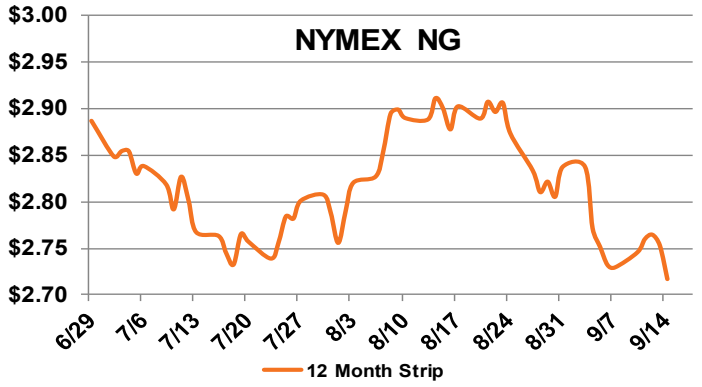
Summary: On Friday, the October 2018 NYMEX natural gas futures price fell five cents on the day to settle at \$2.767/MMBtu. The prompt month was rangebound between \$2.762/MMBtu and \$2.814/MMBtu throughout the day. Demand for natural gas dwindled, as Hurricane Florence made landfall. The tropical storm knocked out power throughout the Southeast, causing total U.S. demand to drop 1.2 Bcf/d on the day. The storm has not only affected demand, but has caused a further delay to the in-service date for the Atlantic Coast pipeline, which had previously been expected to start on September 1. Weather forecasts for the next couple of weeks show most of the cooler-than-normal temperatures contained in the Northwest region, with warmer-than-normal temperatures for the rest of the country, mainly in the East. Along with the bearish weather forecasts and demand levels, U.S. dry production remains healthy above 82 Bcf/d, adding downward pressure to pricing. Last week, we saw Northeast production reach over 30 Bcf/d, a new record.

Bullish Factors

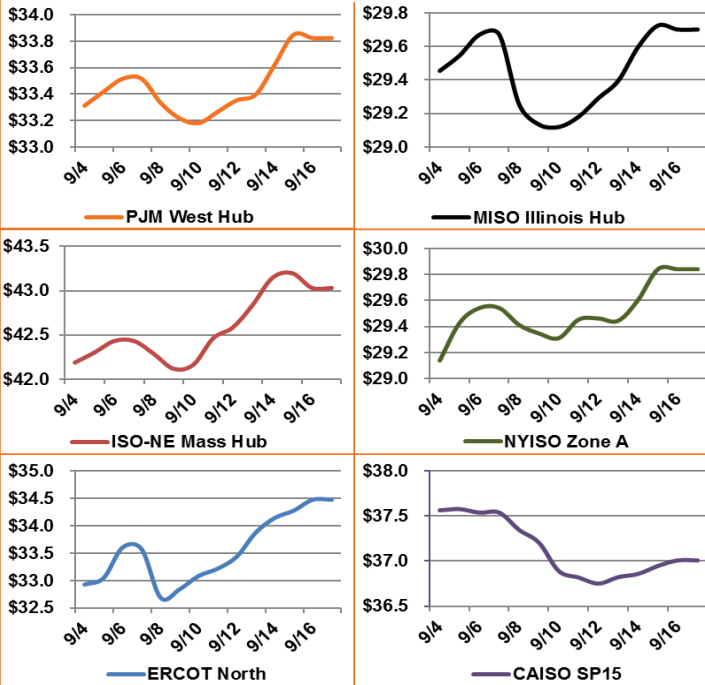
- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 9/17/2018)

ISO-NE Mass Hub \$36.22	MISO Indiana Hub \$49.00	NYISO Zone G \$44.54
PJM West Hub \$41.57	ERCOT North \$42.22	CAISO SP15 \$36.64
NYMEX NG	Close	Change
Oct-18	2.767	-0.050
Nov-18	2.751	-0.049
12 Month	2.717	-0.036
Cal 19	2.694	-0.029
Cal 20	2.615	-0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,636	2,567	3,298	3,232
Diff v. Current		69	-662	-596
% Diff			-20.1%	-18.4%

