

Early Morning Update:

The Oct18 natural gas contract is trading down \$0.01 at \$2.92. The Oct18 crude contract is up \$0.10 at \$69.95.

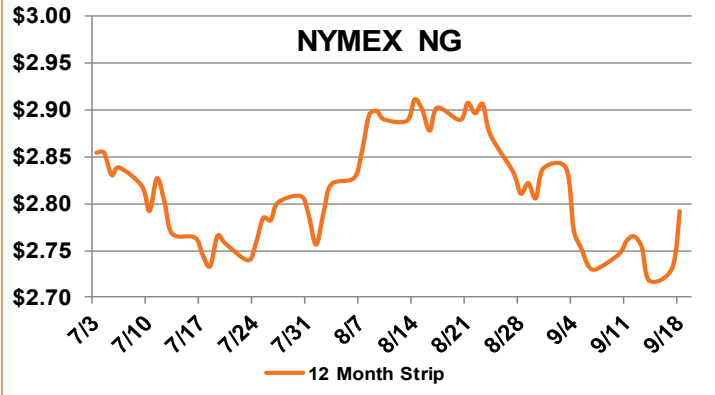
Summary: Despite significant revisions to the National Weather Service's 6-10 and 8-14 day outlooks indicating more bearish temperatures, the NYMEX NG prompt month contract continued its upward trend yesterday. The October 2018 contract soared to \$2.933/MMBtu, a gain of 11.9 cents from Monday's settlement price, the largest one-day prompt month gain since January 29, 2018, when the February contract traded 12.6 cents higher on the day. Increased natural gas demand and lower production forecasts seemed to be the drivers of yesterday's rally. Several nuclear facilities in the Southeast are offline after the impact of Hurricane Florence, additionally, planned nuclear maintenance season has begun, both of which will cause a greater reliance on natural gas demand for power burn. In LNG news, China announced they will impose a 10% tariff on U.S. LNG exports starting September 24. LNG export developers did not seem phased, and most shares rallied, as original threats indicated a 25% tariff. Calendar 2019 traded almost four cents higher yesterday, and calendars 2020-2022 gained about a penny, on average.

Bullish Factors

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

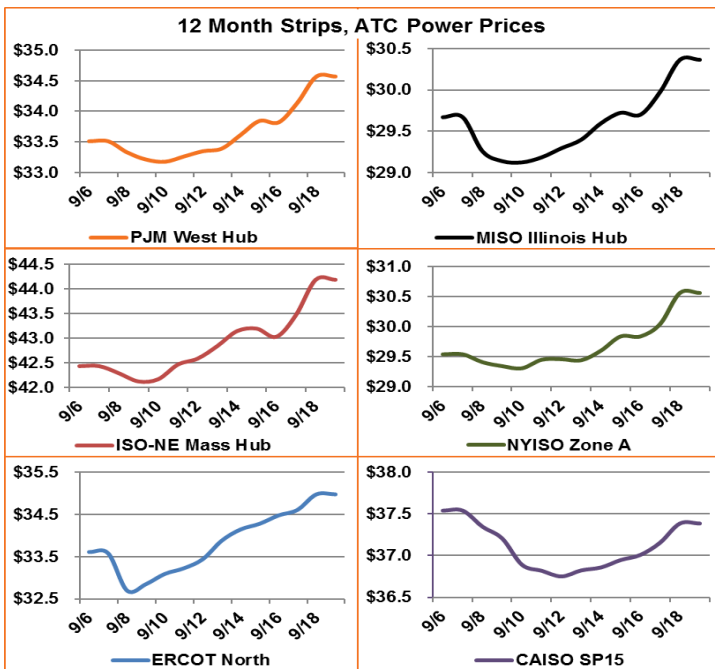
Bearish Factors

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



Next Day On-Peak Power (traded for 9/19/2018)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$38.00 | MISO Indiana Hub \$51.36 | NYISO Zone G \$41.03 |
| PJM West Hub \$49.04 | ERCOT North \$35.00 | CAISO SP15 \$38.42 |
| NYMEX NG | | |
| | Close | Change |
| Oct-18 | 2.933 | 0.119 |
| Nov-18 | 2.896 | 0.117 |
| 12 Month | 2.792 | 0.061 |
| Cal 19 | 2.740 | 0.039 |
| Cal 20 | 2.634 | 0.014 |



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% |

