

Early Morning Update:

The Oct17 natural gas contract is trading up \$0.03 at \$2.95. Nov17 crude is down \$0.37 at \$51.85.

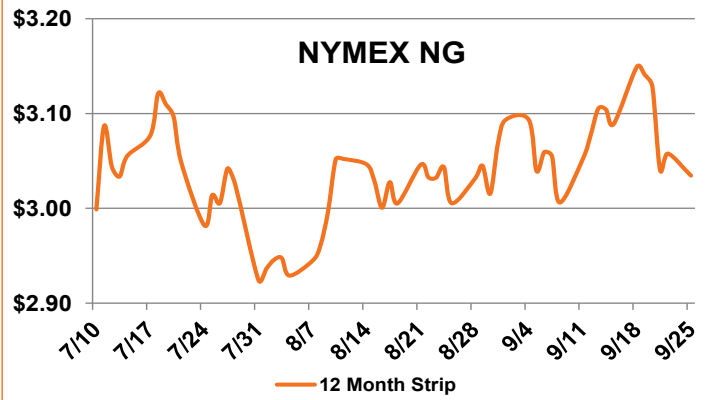
Summary: The October natural gas contract extended its five-day loss on Monday, dropping four cents to \$2.919/MMBtu. Weather reports indicate above-average temperatures for the eastern portion of the country through the 20-day forecast, with some warmth extending into the Midwest and Southeast at times. This last gasp of summer could stoke increased power burns through the last week of September, before above-average temperatures switch to a bearish factor once fall arrives in full force and normal temperatures begin to drop. Production remains steady near 74 Bcf/d this week, and, despite the potential for higher power burns, average demand nationwide is expected to drop by nearly 8.0 Bcf/d over the next two weeks. Power prices have largely followed the gas losses over the last week, with prices for the October month dropping 30-60 cents in PJM, 15 cents in NYISO, 30 cents in MISO, and over \$1.00 in ERCOT and CAISO.

Bullish Factors

- Growing LNG exports
- Exports to Mexico at record high
- Late summer heat in the East

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- NG production at record levels



Next Day On-Peak Power (traded for 9/26/2017)

ISO-NE Mass Hub \$53.86	MISO Indiana Hub \$67.55	NYISO Zone G \$51.00
PJM West Hub \$41.27	ERCOT North \$25.34	CAISO SP15 \$37.46
NYMEX NG	Close	Change
Oct-17	2.919	-0.040
Nov-17	2.988	-0.033
12 Month	3.035	-0.023
Cal 18	3.037	-0.020
Cal 19	2.897	-0.028

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,408	3,311	3,544	3,341
Diff v. Current		97	-136	67
% Diff			-3.8%	2.0%

