

Early Morning Update:

The Nov18 natural gas contract is down \$.06 at \$2.99. The Nov18 crude contract is up \$.14 at \$72.26.

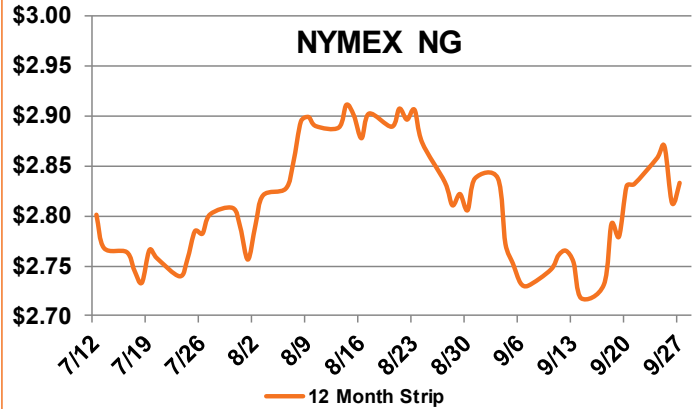
Summary: A very disappointing storage report yesterday led to a strong rally in NG pricing. The EIA reported a build of just 46 Bcf into storage, below expectations. The prompt month contract rallied as much as \$.12 before ultimately finishing higher by \$.076. The poor storage situation continues to be supportive of prices as we head towards winter. As NYMEX has ticked higher recently, we've also seen basis and power pricing move up as well. Prices seem to be moving higher on the anticipation of cold temperatures for winter. Forecasts for this winter should start appearing over the next few weeks as better data is made available. Until then, the same weather pattern we've seen all summer remain in place: above average temps in the east, below in the west. There is some lingering a/c demand which is keeping power burns high but overall, demand is much lower for both gas and power. Maintenance season is keeping index power pricing elevated as reserve margins are squeezed.

Bullish Factors

- High power burns
- LNG exports ramping up
- Lowest EOS storage level in decade

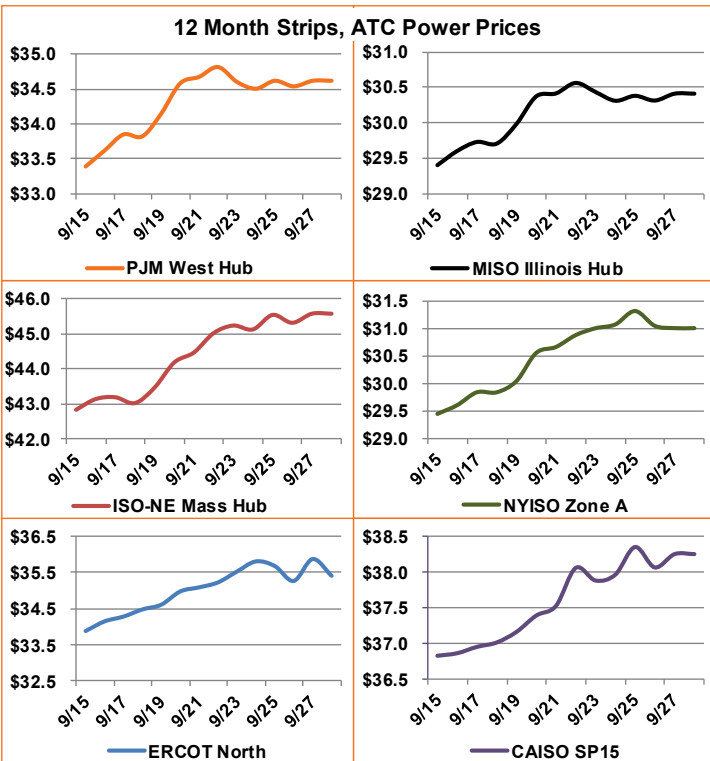
Bearish Factors

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



Next Day On-Peak Power (traded for 9/28/2018)

ISO-NE Mass Hub \$32.51	MISO Indiana Hub \$34.51	NYISO Zone G \$30.38
PJM West Hub \$29.75	ERCOT North \$28.04	CAISO SP15 \$28.52
NYMEX NG	Close	Change
Oct-18	3.056	0.076
Nov-18	3.135	0.073
12 Month	2.833	0.020
Cal 19	2.780	0.008
Cal 20	2.636	-0.002



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,768	2,722	3,298	3,232
Diff v. Current		46	-530	-464
% Diff			-16.1%	-14.4%

