

Early Morning Update:

The Nov17 natural gas contract is trading down \$0.09 at \$2.92. Nov17 crude is down \$1.27 at \$50.40.

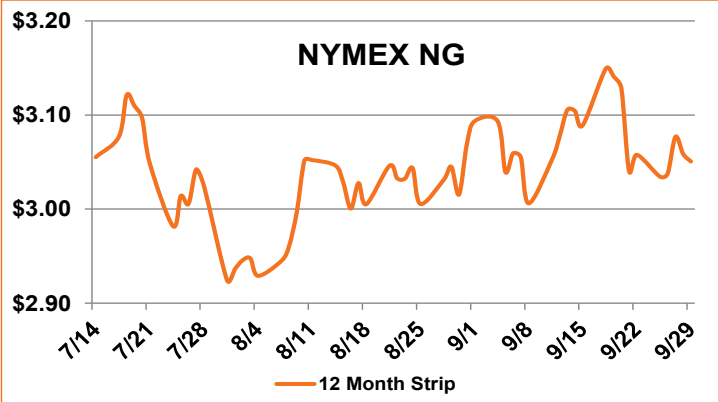
Summary: Friday, the NYMEX natural gas futures price for November fell by one cent to settle at \$3.007/MMBtu, hovering just above the \$3 level. Calendar strip prices for 2019 and 2020 were down by 3-4 cents, indicating there is expectations in the market that there is enough production to meet demand further out on the curve. Prices remain backwardated. The current cold front that the majority of the east coast is experiencing is expected to be temporary, as the 1-5 and 6-10 day forecasts are showing another surge in temperatures. Demand for natural gas for power generation could fall off, making for some larger injections into storage and propping up end-of-season storage numbers. The estimated end-of-season storage number has slightly increased to 3.844 Tcf. As we continue through October and normal temperatures decrease, the bullishness of warmer-than-normal temperatures may become bearish, holding off heating demand. Compared to the gains we had been seeing recently, production has been flat, averaging around 74.3 Bcf/d. U.S. production averaged 74.5 Bcf over the weekend, which is about 4.3 Bcf/d higher than the start of October last year.

Bullish Factors

- Growing LNG exports
- Exports to Mexico at record high
- Attention turning toward winter

Bearish Factors

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



Next Day On-Peak Power (traded for 10/2/2017)

ISO-NE Mass Hub \$24.09	MISO Indiana Hub \$39.00	NYISO Zone G \$23.16
PJM West Hub \$30.60	ERCOT North \$24.71	CAISO SP15 \$30.50
NYMEX NG	Close	Change
Nov-17	3.007	-0.010
Dec-17	3.181	-0.003
12 Month	3.051	-0.008
Cal 18	3.048	-0.008
Cal 19	2.888	-0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,466	3,408	3,593	3,425
Diff v. Current		58	-127	41
% Diff			-3.5%	1.2%

