

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.03 at \$3.20. The Nov18 crude contract is up \$0.17 at \$75.40.

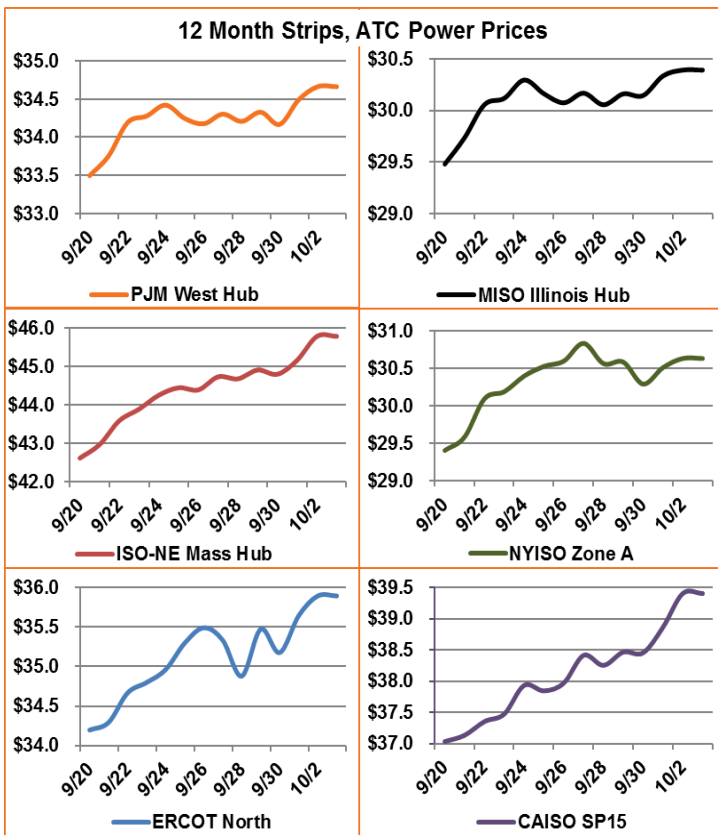
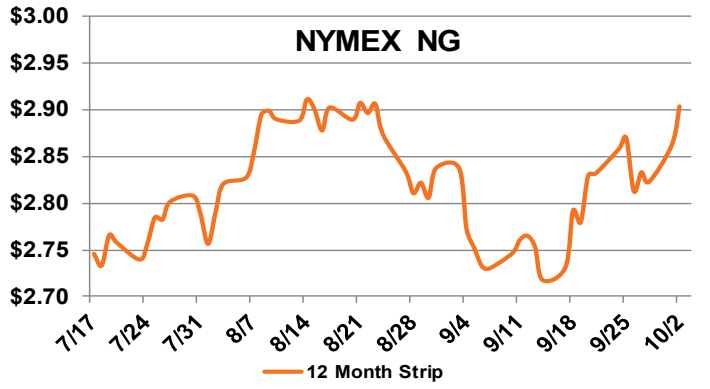
Summary: Amid very warm temperatures for the East and Midwest this start of October, with PJM averaging 10 degrees above normal, the natural gas market continued its ascent yesterday. The November prompt month rose 7.2 cents to settle at \$3.166/MMBtu, representing the highest prompt month settlement price since January 30, when February settled at \$3.195/MMBtu. Yesterday's gains extended through Winter 2019, while contracts after March 2019 were unchanged. Once the lingering heat dissipates, heating demand is expected to take it's place, another concerning factor from a storage perspective. The gloomy natural gas storage situation remains, with expectations that we will enter the upcoming winter at the lowest storage level since 2005.

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 10/3/2018)

ISO-NE Mass Hub \$49.18	MISO Indiana Hub \$59.01	NYISO Zone G \$41.90
PJM West Hub \$43.40	ERCOT North \$32.38	CAISO SP15 \$42.22
NYMEX NG		Close
Nov-18	3.166	0.072
Dec-18	3.239	0.067
12 Month	2.903	0.041
Cal 19	2.840	0.034
Cal 20	2.645	0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,768	2,722	3,458	3,389
Diff v. Current		46	-690	-621
% Diff			-20.0%	-18.3%

