

Early Morning Update:

The Nov17 natural gas contract is trading up \$0.06 at \$2.96. Nov17 crude is down \$0.02 at \$50.40.

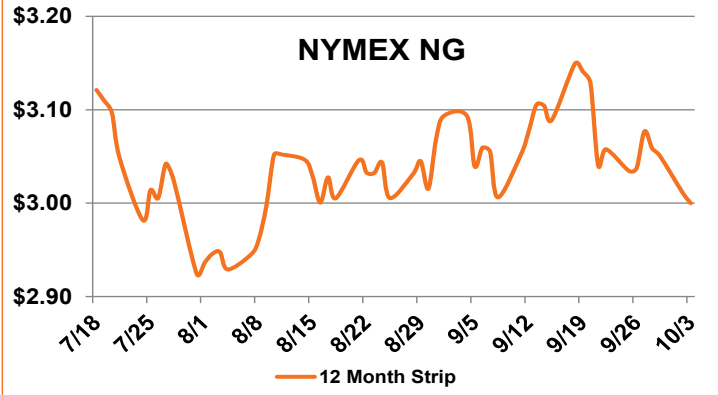
Summary: Without much change in fundamentals day-over-day, the November '17 NYMEX NG contract continued to slide, ultimately settling down 2.1 cents at \$ 2.895/MMBtu. Since May 2017, the November contract has been range-bound, trading between \$2.90-\$3.20. Yesterday's settle was the lowest November '17 settlement price all year. While U.S. dry natural gas production is setting new records, lingering cooling demand due to warmer-than-average temperatures across the east coast provide an undercurrent of support to gas prices. Typically, this time of year allows for large injections into natural gas storage, but the warmer weather is limiting injections, with only a 58 Bcf injection reported last week and 46 Bcf expected in this Thursday's report. Storage builds are normally in the 80s-90s at this time of year.

Bullish Factors

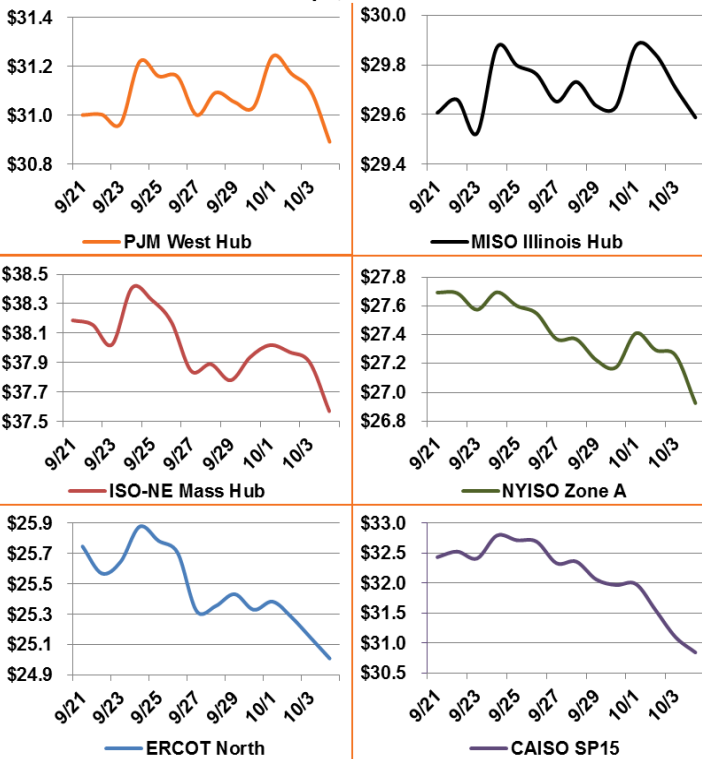
- Growing LNG exports
- Exports to Mexico at record high
- Attention turning toward winter

Bearish Factors

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



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 10/4/2017)

| | | |
|-----------------------------------|------------------------------------|--------------------------------|
| ISO-NE Mass Hub \$29.74 | MISO Indiana Hub \$38.75 | NYISO Zone G \$26.89 |
| PJM West Hub \$34.19 | ERCOT North \$25.00 | CAISO SP15 \$33.82 |
| NYMEX NG | Close | Change |
| Nov-17 | 2.895 | -0.021 |
| Dec-17 | 3.085 | -0.021 |
| 12 Month | 3.000 | -0.011 |
| Cal 18 | 3.011 | -0.008 |
| Cal 19 | 2.885 | 0.001 |

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% |

