

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.01 at \$3.24. The Nov18 crude contract is down \$0.51 at \$75.90.

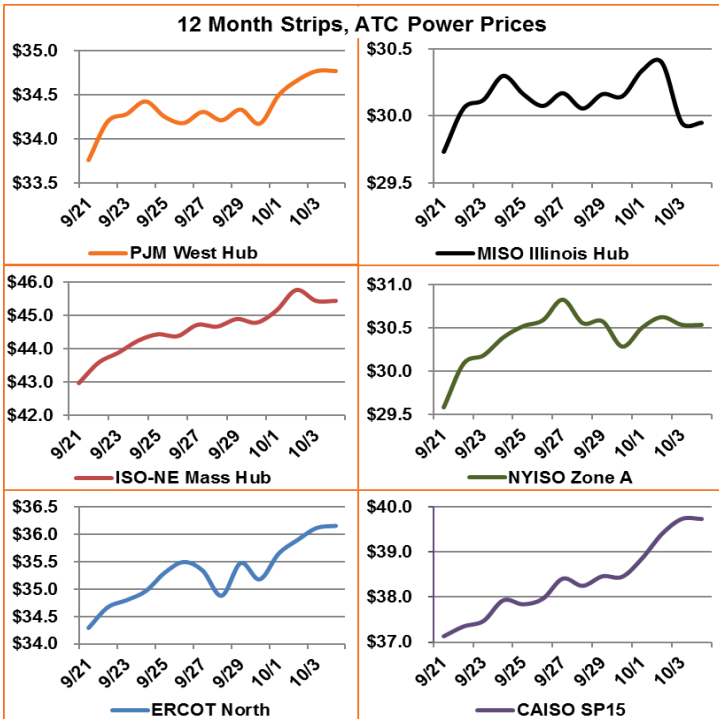
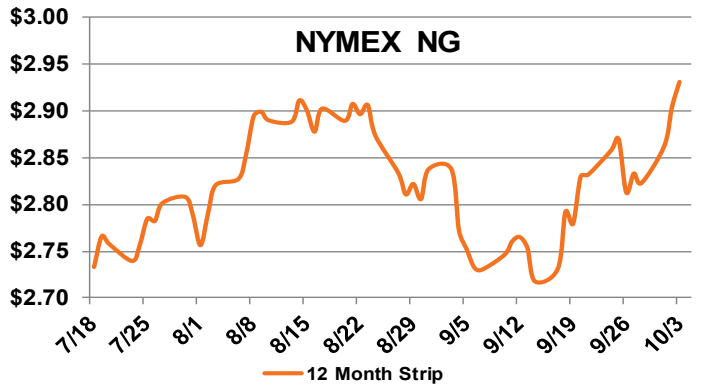
Summary: Yesterday, the NYMEX natural gas prompt month continued its ascent, reaching its highest level since Jan 30. The November natural gas contract climbed another 6.4 cents on Wednesday, settling at \$3.23/MMBtu, despite being well into the shoulder season, where demand and prices typically soften. Power burn has been setting all-time highs for the past five months, which has provided plenty of support for prices, as well as have increased LNG feedgas and Mexican exports. Transportation constraints out of the Permian Basin to East Texas has only added fuel to the fire. Although demand in the electric generation sector is down 1.0 Bcf/d today from yesterday, the 34.5 Bcf/d reached yesterday was the highest in the last two weeks. The U.S. Energy Information Administration is expected to report a storage injection for the week to Sep. 28 in the low 80s, which is very close to the 84 Bcf five-year average. Needless to say, this will do nothing to lessen the storage deficit being faced this winter, which is currently expected to be about 16%.

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 10/4/2018)

ISO-NE Mass Hub \$49.69	MISO Indiana Hub \$45.00	NYISO Zone G \$38.39
PJM West Hub \$43.43	ERCOT North \$36.95	CAISO SP15 \$42.31
NYMEX NG	Close	Change
Nov-18	3.230	0.064
Dec-18	3.297	0.058
12 Month	2.931	0.027
Cal 19	2.859	0.019
Cal 20	2.647	0.002

EIA Natural Gas Storage

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

