

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.10 at \$3.24. The Nov18 crude contract is down \$1.09 at \$73.25.

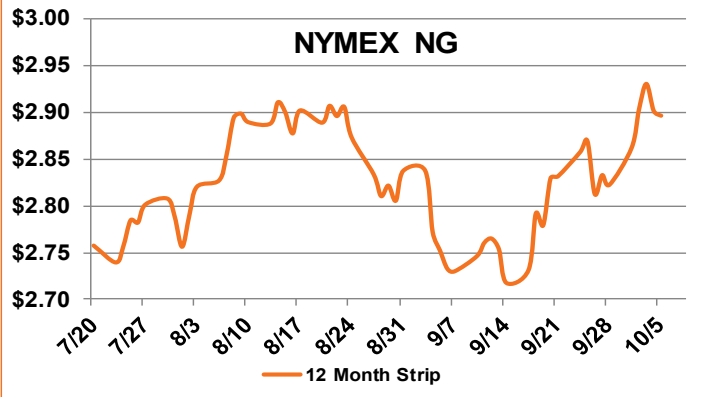
Summary: On Friday, the prompt month natural gas futures price fell 2.2 cents on the day to settle at \$3.143/MMBtu. Since becoming the prompt month, the Nov18 contract has seen upward pressure of about 17 cents, reaching a high of \$3.230 last Wednesday. For the first time in a while, a bearish larger-than-expected storage injection was reported last week of 98 Bcf. Storage continues to be a bullish factor to pricing for this upcoming winter, and it appears that this recent large injection had little effect on the overall deficit, compared to historical benchmarks. There are expectations for volatility this winter, especially if we see below-normal temperatures. The 1-5 day weather forecast shows an even split, with extremely colder-than-normal temperatures for the western half of the country, and warmer-than-normal temperatures in the East. As cooling demand for natural gas starts to fall this week due to milder temperatures, power burn levels are expected to fall to around 26.5 Bcf/d. The cold temperatures in the West will have an opposite effect, with gains in heating demand up by 3.0 Bcf/d in the ResComm sector. U.S. dry productions has fallen slightly, hovering around 83 Bcf/d.

Bullish Factors

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

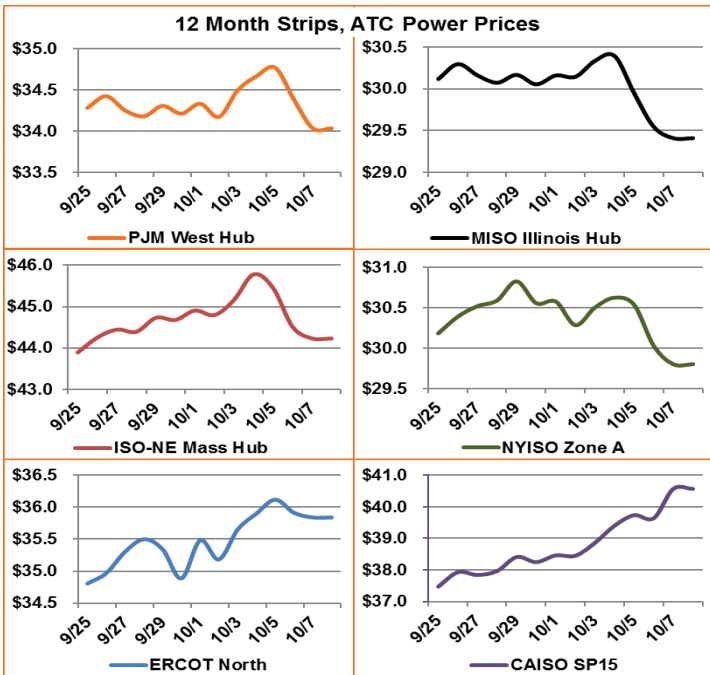
Bearish Factors

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



Next Day On-Peak Power (traded for 10/8/2018)

ISO-NE Mass Hub \$34.17	MISO Indiana Hub \$59.74	NYISO Zone G \$36.60
PJM West Hub \$47.18	ERCOT North \$35.00	CAISO SP15 \$37.11
NYMEX NG	Close	Change
Nov-18	3.143	-0.022
Dec-18	3.188	-0.033
12 Month	2.897	-0.005
Cal 19	2.843	0.002
Cal 20	2.660	0.011



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,866	2,768	3,502	3,473
Diff v. Current		98	-636	-607
% Diff			-18.2%	-17.5%

