

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.03 at \$3.30. The Nov18 crude contract is up \$0.51 at \$74.80.

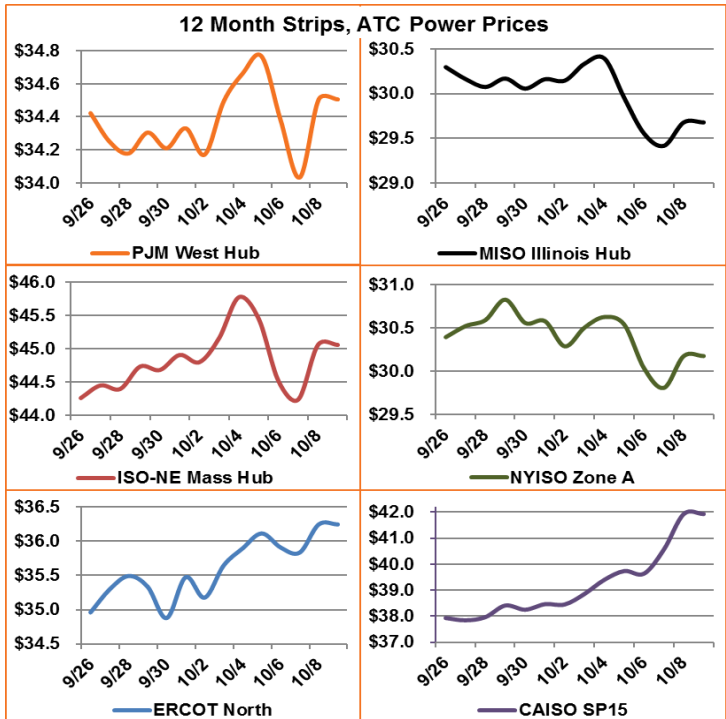
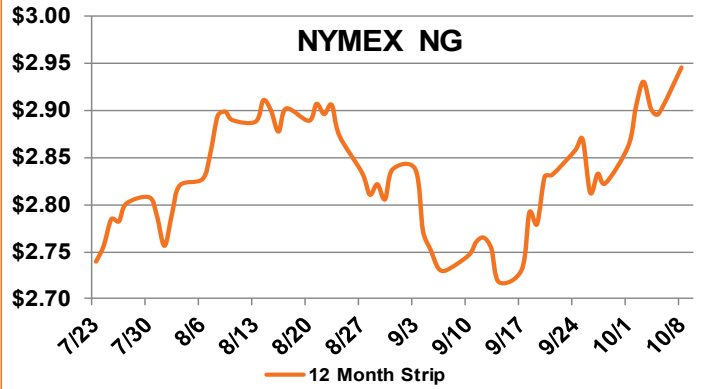
Summary: The natural gas market continued its upward spiral on Monday, fueled by bullish weather forecasts, stalling production, concern over end-of-season storage levels, and a hurricane that is threatening Gulf production. The November prompt month steamed upward over 12 cents to settle at \$3.267, the 12-month strip gained nearly five cents to \$2.946, and the 2019 and 2020 years rose 3.5 and 1.5 cents to \$2.878 and \$2.675, respectively. The rest of this week sees warmer-than-normal temperatures swathing the East Coast in weather that is three to eight degrees warmer than normal, continuing to stress cooling demand well into October. On the heels of these temperatures, we are seeing Hurricane Michael quickly approaching the Gulf Coast, bringing potential demand and offshore production drops with the excessive amounts of rain expected. Prior to the storm, production finally moved back up over 84 Bcf/d for the first time in over a week, with the Northeast production hitting a new all-time high of 30.5 Bcf/d yesterday.

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 10/9/2018)

ISO-NE Mass Hub \$45.82	MISO Indiana Hub \$68.54	NYISO Zone G \$40.10
PJM West Hub \$53.39	ERCOT North \$39.83	CAISO SP15 \$36.79
NYMEX NG	Close	Change
Nov-18	3.267	0.124
Dec-18	3.289	0.101
12 Month	2.946	0.049
Cal 19	2.878	0.035
Cal 20	2.675	0.015

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%

