

**Early Morning Update:**

The Nov17 natural gas contract is trading up \$0.04 at \$3.02. The Nov17 crude contract is up \$1.08 at \$51.68.

**Summary:** The EIA reported a (very) slightly larger than expected build into storage of 87 Bcf (expectations were mid 80's). The NG market initially didn't move, but began to creep higher then ultimately settled up a dime to close at \$2.989. End of season storage levels were revised slightly lower to now be at 3.82 Tcf. NG production has dipped due to Hurricane Nate but should ramp back up as crews move back out the gulf and processes are restarted.

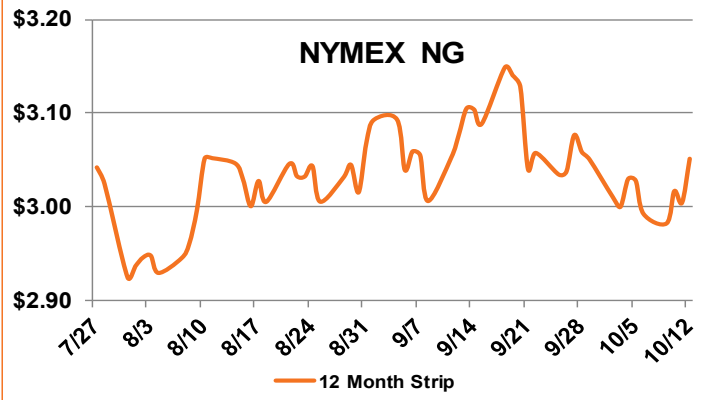
In addition to short-term NG volatility, the long-term NG strips have been creeping higher. Cal '20, for example, closed yesterday at \$2.845 when on Aug 25 it closed at \$2.745. It's not a huge move, but it's been steady and is indicative of the rising costs of production. It's still a good value compared to history but is gaining strength

**Bullish Factors**

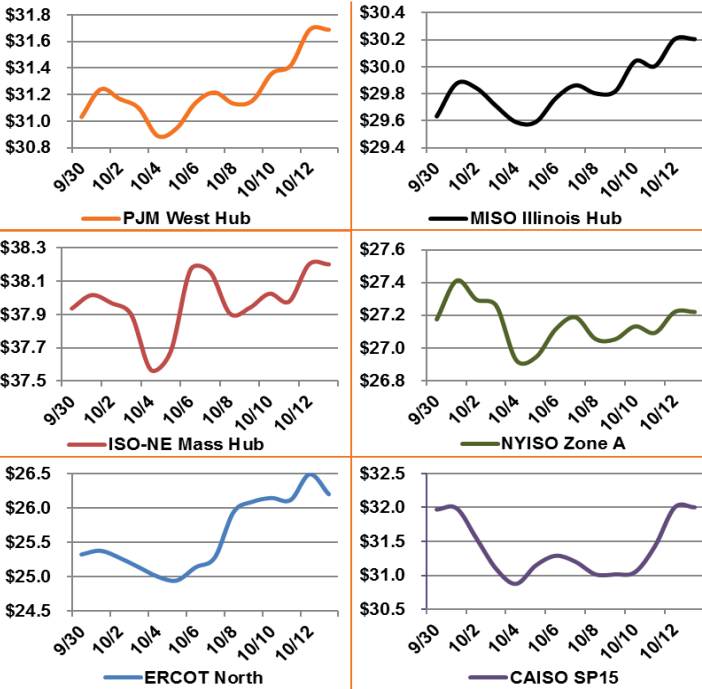
- Rising NG production costs
- Exports to Mexico at record high
- Attention turning toward winter

**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 10/13/2017)**

<b>ISO-NE Mass Hub</b> \$33.07	<b>MISO Indiana Hub</b> \$34.76	<b>NYISO Zone G</b> \$24.51
<b>PJM West Hub</b> \$29.58	<b>ERCOT North</b> \$30.69	<b>CAISO SP15</b> \$33.67
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Nov-17	2.989	0.100
Dec-17	3.144	0.078
12 Month	3.052	0.047
Cal 18	3.058	0.036
Cal 19	2.899	0.005

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	3,595	3,508	3,748	3,603
<b>Diff v. Current</b>		87	-153	-8
<b>% Diff</b>			-4.1%	-0.2%

