

**Early Morning Update:**

The Nov18 natural gas contract is trading down \$0.01 at \$3.23. The Nov18 crude contract is down \$0.43 at \$71.35.

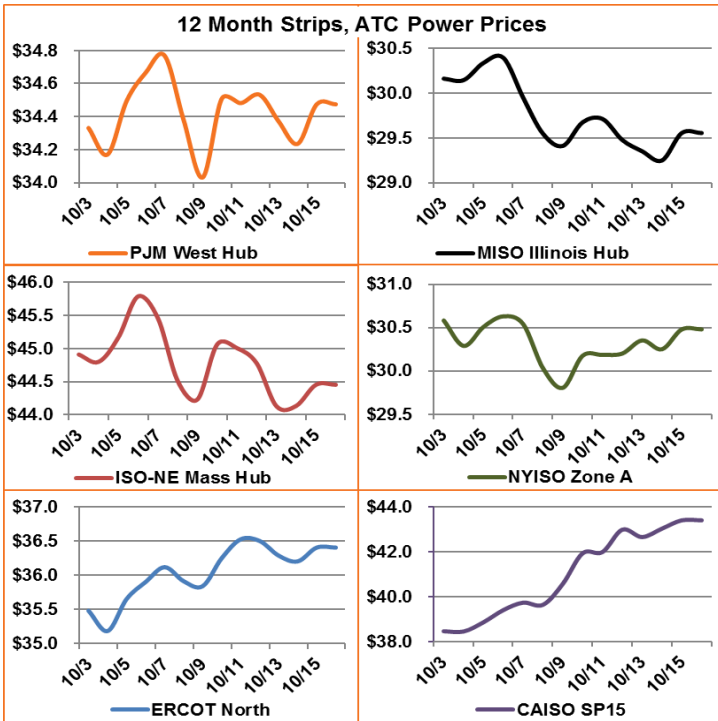
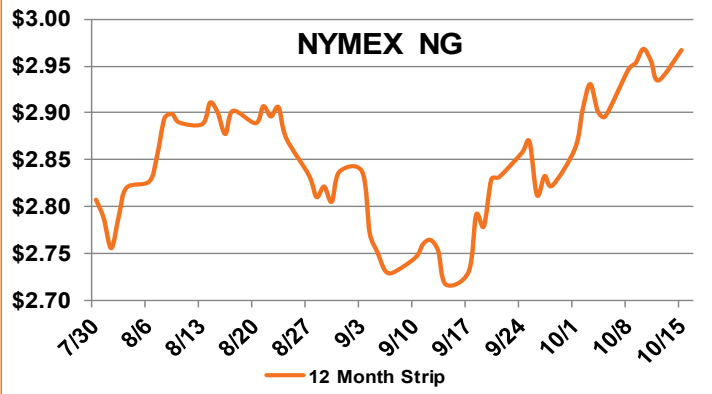
**Summary:** The beginning of the week did not exhibit any signs of calming the natural gas market, as cold weather pervades the forecast and storage remains bleak. The November prompt month rose eight cents to \$3.242, the 12-month strip gained three cents to \$2.967, 2019 added two cents to \$2.902, and 2020 stayed flat at \$2.69. The weather outlook for the next two weeks shows much-colder-than-normal temperatures among high demand areas on the East Coast and New England, with highs in the low to mid 50s in many areas. This quick transition into colder weather could enforce the thought that injections will continue to lag historical levels right up until the beginning of the withdrawal season with little chance of recovery. Ramped-up demand coming from the restarted Cove Point LNG facility could contribute to even more meager injections, as it has been off-line for about three weeks on maintenance.

**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

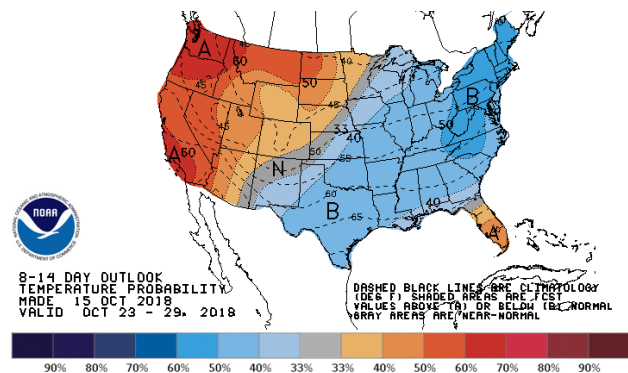
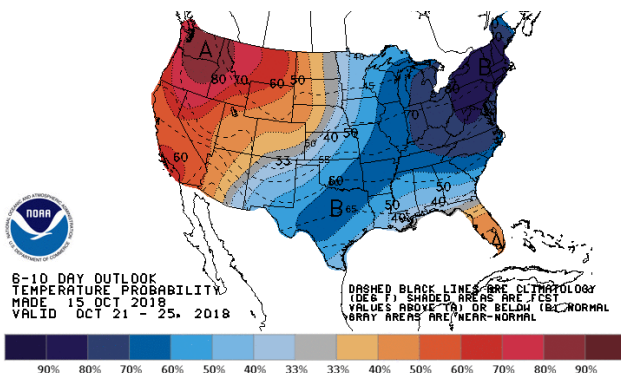


**Next Day On-Peak Power (traded for 10/16/2018)**

<b>ISO-NE Mass Hub</b> \$39.44	<b>MISO Indiana Hub</b> \$35.36	<b>NYISO Zone G</b> \$34.99
<b>PJM West Hub</b> \$35.63	<b>ERCOT North</b> \$40.00	<b>CAISO SP15</b> \$44.52
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Nov-18	3.242	0.081
Dec-18	3.310	0.084
12 Month	2.967	0.032
Cal 19	2.903	0.020
Cal 20	2.690	0.000

**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>	2,956	2,866	3,583	3,563
<b>Diff v. Current</b>		90	-627	-607
<b>% Diff</b>			-17.5%	-17.0%



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