

Early Morning Update:

The Nov18 natural gas contract is trading down \$0.01 at \$3.19. The Nov18 crude contract is up \$0.55 at \$69.20.

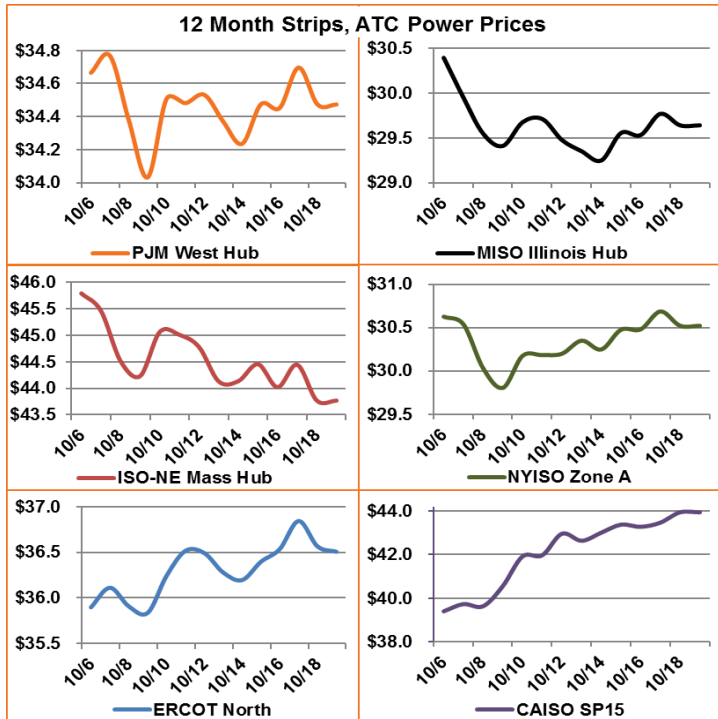
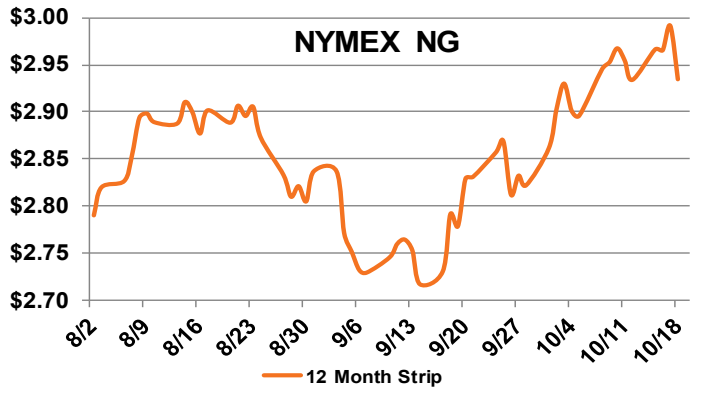
Summary: Despite elevated demand and concern over end-of-season storage levels, the natural gas prompt month took a dive yesterday. The November NYMEX contract plummeted more than 12 cents on Thursday, eventually settling at \$3.198/MMBtu. With cooler-than-normal temperatures across the eastern half of the country inducing early heating demand, and warmer-than-normal temperatures in the West causing cooling demand to linger, total U.S. demand was 73.8 Bcf/d yesterday, up 3.0 Bcf/d from last weekend. Meanwhile, production is getting back to record levels, estimated to be 84.2 Bcf/d today, just 0.1 Bcf/d off the record. The U.S. Energy Information Administration reported an 81 Bcf addition to storage facilities in the week to Sept. 12. This was just shy of the 83 Bcf injection the market anticipated, but did edge out the 79 Bcf five-year average. With about four weeks left in the storage building season, end-of-season storage levels are projected to be 3.2 Tcf, the lowest start to the heating season since 2003.

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 10/19/2018)

ISO-NE Mass Hub \$34.96	MISO Indiana Hub \$32.25	NYISO Zone G \$35.73
PJM West Hub \$32.95	ERCOT North \$33.60	CAISO SP15 \$43.13
NYMEX NG	Close	Change
Nov-18	3.198	-0.122
Dec-18	3.250	-0.119
12 Month	2.935	-0.057
Cal 19	2.877	-0.040
Cal 20	2.686	-0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,037	2,956	3,638	3,642
Diff v. Current		81	-601	-605
% Diff			-16.5%	-16.6%

