

Early Morning Update:

The Nov18 natural gas contract is trading down \$0.08 at \$3.17. The Nov18 crude contract is down \$0.12 at \$69.00.

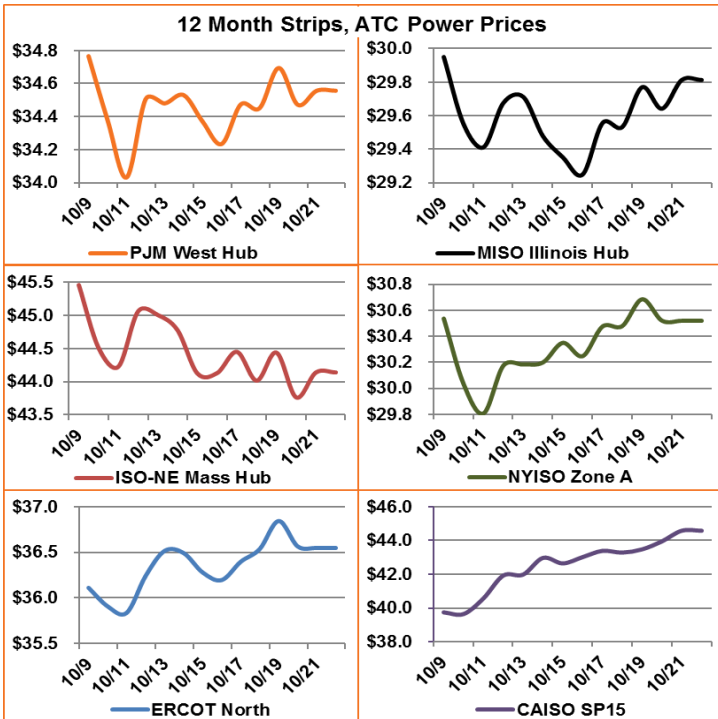
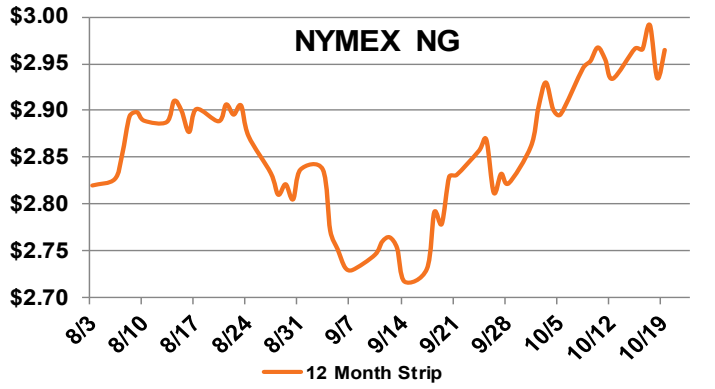
Summary: On Friday, the November 2018 NYMEX natural gas futures price moved higher by 5.2 cents on the day to settle at \$3.250/MMBtu. The cool-than-normal weather temperature trend continues, with the majority of the cooler temps hovering in the eastern half of the country increasing heating demand levels. With the late start to fall, total U.S. demand for natural gas remains strong, but is expected to weaken slightly with declines in power burn levels. Residential/commercial demand remains bullish, and is expected to increase over the next week. U.S. dry production has recovered and is back up to the record levels we saw late last month, after hovering around 83 Bcf/d, possibly due to pipeline maintenance. Friday production hit a new record at 84.7 Bcf/d, with the majority of the gains in the Northeast and Southeast regions. Year-to-date, production is averaging about 7.5 Bcf/d higher than this time last year.

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 10/22/2018)

ISO-NE Mass Hub \$42.50	MISO Indiana Hub \$35.00	NYISO Zone G \$43.09
PJM West Hub \$39.02	ERCOT North \$32.50	CAISO SP15 \$42.34
NYMEX NG	Close	Change
Nov-18	3.250	0.052
Dec-18	3.309	0.059
12 Month	2.965	0.030
Cal 19	2.900	0.023
Cal 20	2.689	0.003

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%

