

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.01 at \$3.15. The Nov18 crude contract is down \$1.16 at \$68.20.

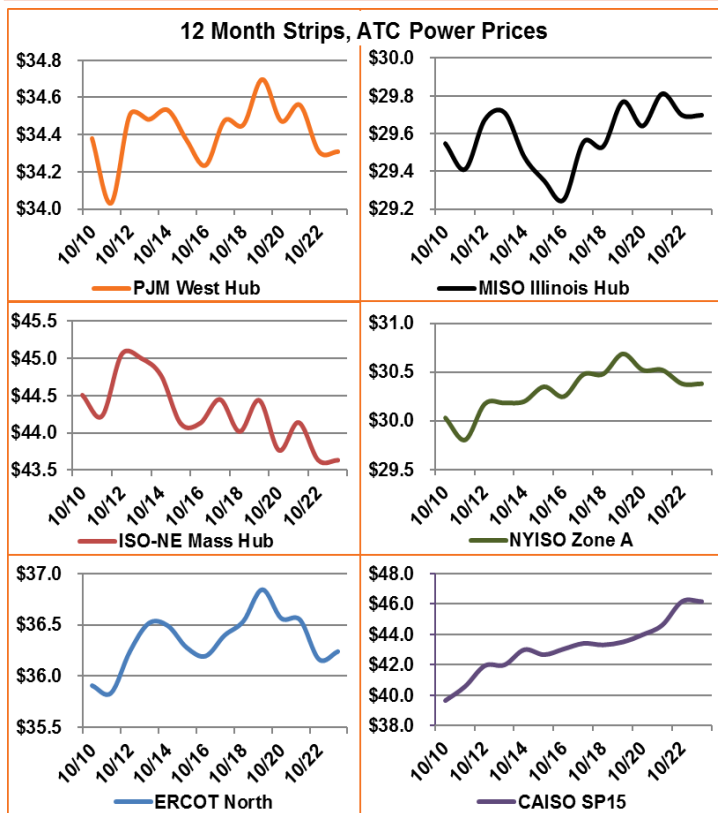
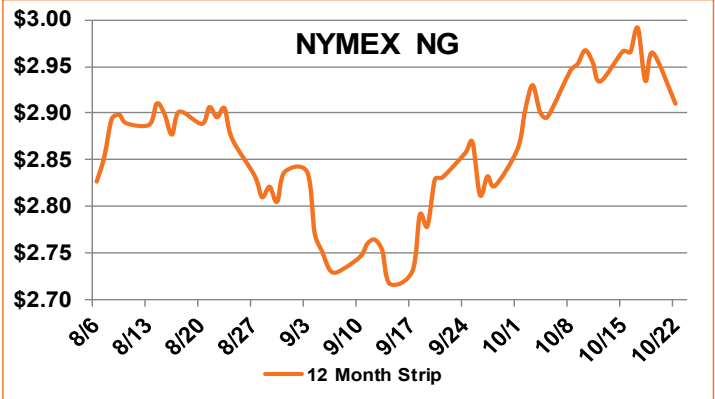
Summary: Strong production led to a drop-off in natural gas prices on Monday, as the November prompt month lost 11 cents to settle at \$3.138/MMBtu. The 12-month strip dropped over five cents to \$2.911, and the 2019 and 2020 years fell by four and one cent respectively, to \$2.86 and \$2.68. New highs for major producing regions in the Northeast and South are expected to keep nationwide production steady above 84 Bcf/d for the next two weeks. However, this also comes as heating demand across the country is ramping up in response to the cold front that is spread up and down the East Coast. Residential and commercial demand has risen over 20% versus last October as a result, but the cold is looking to subside as we start November with fairly neutral temperatures across the country.

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 10/23/2018)

ISO-NE Mass Hub \$43.32	MISO Indiana Hub \$39.64	NYISO Zone G \$44.63
PJM West Hub \$35.50	ERCOT North \$31.66	CAISO SP15 \$42.50
NYMEX NG		Change
Nov-18	3.138	-0.112
Dec-18	3.214	-0.095
12 Month	2.911	-0.055
Cal 19	2.860	-0.041
Cal 20	2.682	-0.007

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%

