

**Early Morning Update:**

The Nov17 natural gas contract is trading down \$0.01 at \$2.98.  
The Dec17 crude contract is up \$0.50 at \$52.40.

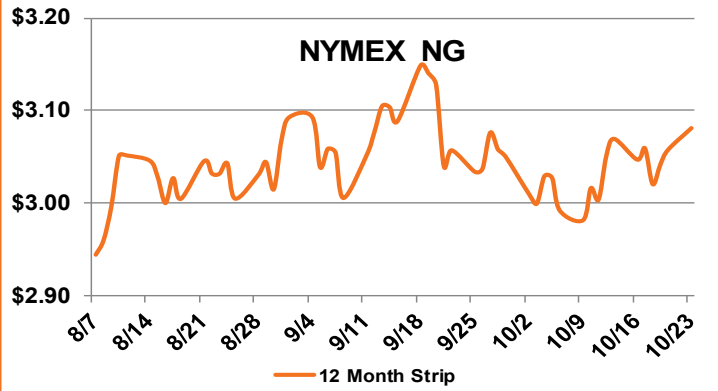
**Summary:** A varying array of temperatures across the country is urging natural gas futures higher, as the November natural gas contract rose more than 7 cents to settle at \$2.991/MMBtu on Monday. Calendar 2018 rose a cent to \$3.094, while calendar years 2019 through 2023 all lost 1 to 2 cents on the day. Weather updates from the weekend show a cooler South and warmer West and Northeast through the end of the month. This will shift come the beginning of November, as a warm Southeast and a slightly to below normal Midwest move into the forecast. These situations put pressure on demand in both directions, as late season cooling and fall heating are both present in demand forecasts. Production is expected to remain strong through the next two weeks, though, averaging 74.3 Bcf/d and still bolstered by record-high Northeast production. Over the next year, over 12 Bcf/d of pipeline capacity is expected to enter the region, further incentivizing high production levels.

**Bullish Factors**

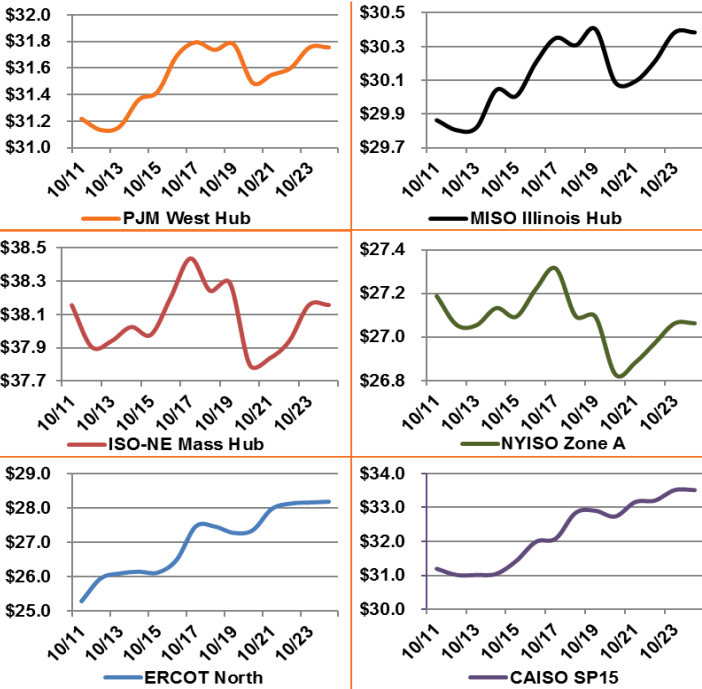
- Rising NG production costs
- Exports to Mexico at record high
- Attention turning toward winter

**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 10/24/2017)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$39.33 | <b>MISO Indiana Hub</b><br>\$31.70 | <b>NYISO Zone G</b><br>\$31.97 |
| <b>PJM West Hub</b><br>\$33.52    | <b>ERCOT North</b><br>\$22.52      | <b>CAISO SP15</b><br>\$120.90  |
| <b>NYMEX NG</b>                   | <b>Close</b>                       | <b>Change</b>                  |
| Nov-17                            | 2.991                              | 0.076                          |
| Dec-17                            | 3.156                              | 0.043                          |
| 12 Month                          | 3.082                              | 0.023                          |
| Cal 18                            | 3.094                              | 0.014                          |
| Cal 19                            | 2.915                              | -0.010                         |

**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>                      | 3,646            | 3,595            | 3,825            | 3,681              |
| <b>Diff v. Current</b>            |                  | 51               | -179             | -35                |
| <b>% Diff</b>                     |                  |                  | -4.7%            | -1.0%              |

