

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.03 at \$3.20. The Dec18 crude contract is up \$0.43 at \$67.25.

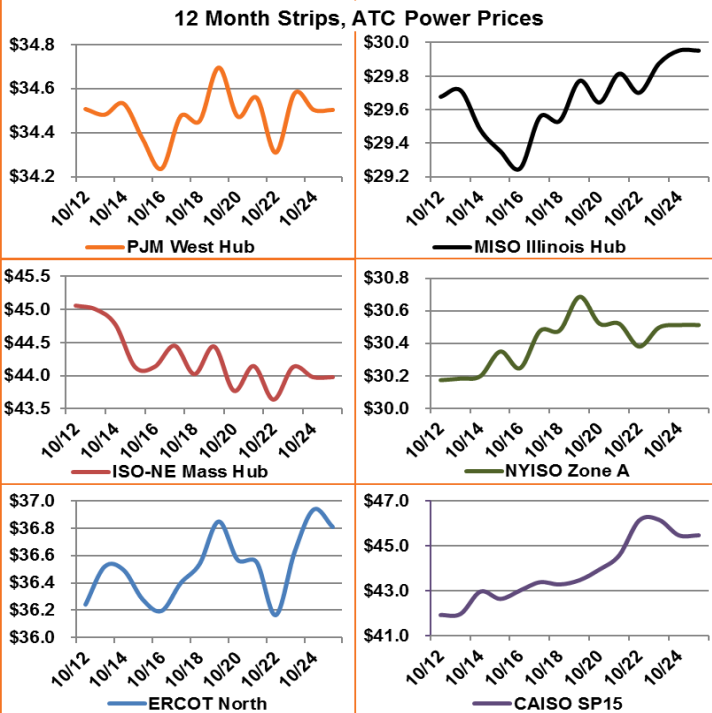
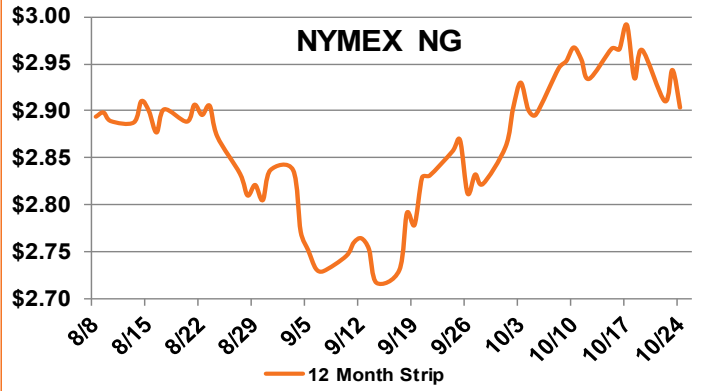
Summary: The NYMEX November natural gas futures price fell 4.6 cents and settled at \$3.166/MMBtu yesterday. Warmer-than-average weather is expected in the West and the southern region, while mild temperatures are likely in the eastern half of the U.S. Total U.S. demand increased by 1.2 Bcf/d to 83.7 Bcf/d on Wednesday, largely driven by gains in residential and commercial demand. Over the next seven days, demand is estimated to dip and average 80.5 Bcf/d, as temperatures return to seasonal norms, which should result in stronger injections in the coming weeks. Unfortunately, expectations for next week's storage injections will be significantly below the five-year average of 77 Bcf, and, instead, come in around 54 Bcf. U.S. production fell 1.0 Bcf/d day-on-day to 83.2 Bcf/d for Wednesday, with declines concentrated largely in the Northeast, Texas, and the Southeast. Overall, the NYMEX market dipped slightly, as the 12-month strip dropped four cents to \$2.904, and the 2019 and 2020 years fell by about three and one cent, respectively, to \$2.848 and \$2.676.

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 10/25/2018)

ISO-NE Mass Hub \$51.20	MISO Indiana Hub \$39.54	NYISO Zone G \$47.63
PJM West Hub \$42.69	ERCOT North \$32.50	CAISO SP15 \$49.00
NYMEX NG		Change
Nov-18	3.166	-0.046
Dec-18	3.227	-0.056
12 Month	2.904	-0.040
Cal 19	2.848	-0.036
Cal 20	2.676	-0.013

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%

