

Early Morning Update:

The Nov18 natural gas contract is trading down \$0.07 at \$3.11. The Dec18 crude contract is down \$0.20 at \$67.39.

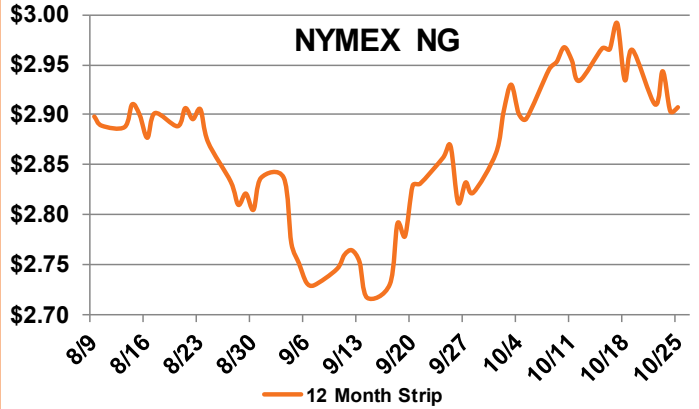
Summary: On Friday, the November 2018 NYMEX natural gas futures price for the month fell slightly, down 1.7 cents on the day to settle at \$3.185/MMBtu, after dropping as low as \$3.102/MMBtu. November will expire today as the prompt month, moving the markets focus to December pricing. The slight dip on Friday was following a somewhat larger than expected injection reported by the EIA last week of 58 Bcf. However, the storage deficit still remains at record low levels, 17% below the 5 year average. Most of the cooler-than-normal weather temperatures for the eastern half of the country are shifting to more normal to slightly above normal temps, with continued warmer weather on the west coast compared to the 30 year normal. Any shift to the cooler side, could quickly cause a price spike to winter pricing as the market appears to be highly weather sensitive. Demand for Natural Gas via LNG exports continues to grow, along with the Cove Point export facility now at full service after the maintenance at the beginning of this month. Last Wednesday, LNG exports hit a new record of 4.0 Bcf/d adding to the bullish fundamentals going into this winter. U.S. dry production is hovering around 83 Bcf/d, returning to healthy levels after some pipeline maintenance earlier this month.

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 10/29/2018)

ISO-NE Mass Hub \$42.23	MISO Indiana Hub \$38.00	NYISO Zone G \$41.20
PJM West Hub \$40.77	ERCOT North \$30.00	CAISO SP15 \$45.72
NYMEX NG		
	Close	Change
Nov-18	3.185	-0.017
Dec-18	3.225	-0.031
12 Month	2.892	-0.016
Cal 19	2.832	-0.013
Cal 20	2.665	-0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,095	3,037	3,701	3,719
Diff v. Current		58	-606	-624
% Diff			-16.4%	-16.8%

