

Early Morning Update:

The Dec18 natural gas contract is trading up \$0.07 at \$3.27. The Dec18 crude contract is down \$1.14 at \$65.90.

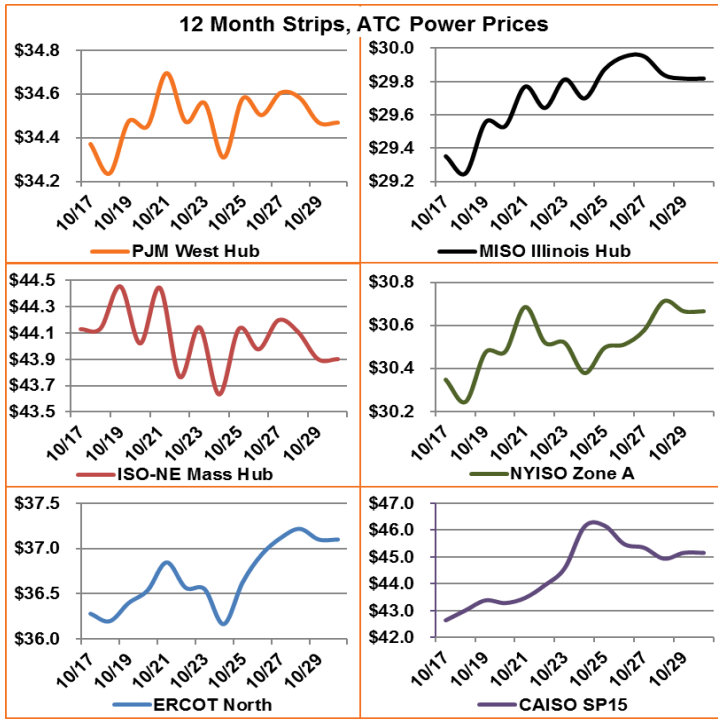
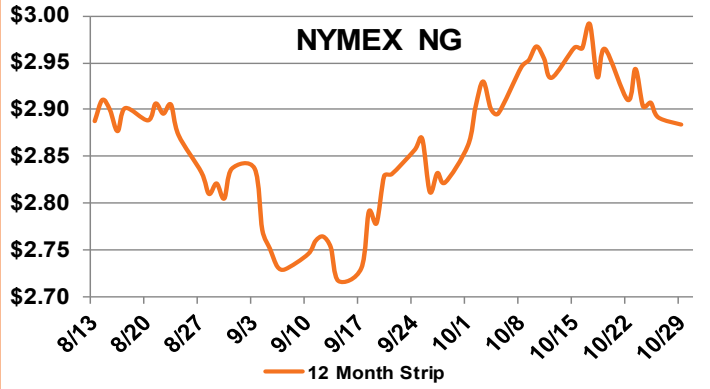
Summary: Natural gas prices were mixed on Monday, amid record production and a more injection-friendly forecast for November. The November prompt month expired as the prompt month, unchanged from Friday's settle at \$3.185/MMBtu, the 12-month strip moved down less than a cent to \$2.885, 2019 lost less than a penny to \$2.828, and 2020 gained a cent to \$2.675. Over the weekend, production eclipsed 85 Bcf/d and set a new all-time high at 85.2 Bcf/d, as the Permian basin continues recovery from a mid-month outage and Appalachia maximizes the increasing capacity of the Atlantic Sunrise, Rover, and Nexus pipelines. Production is expected to continue over 85 Bcf/d for the next two weeks, just as weather forecasts turn more amenable. Normal to slightly warmer temperatures dominate the vast majority of the country, bringing some hope for late season injections prior to the winter months.

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 10/30/2018)

ISO-NE Mass Hub \$38.14	MISO Indiana Hub \$40.00	NYISO Zone G \$41.20
PJM West Hub \$37.14	ERCOT North \$36.92	CAISO SP15 \$44.42
NYMEX NG	Close	Change
Nov-18	3.185	0.000
Dec-18	3.198	-0.027
12 Month	2.885	-0.008
Cal 19	2.828	-0.005
Cal 20	2.675	0.010

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%

