

Early Morning Update:

The Dec17 natural gas contract is trading down \$0.04 at \$2.93. The Dec17 crude contract is down \$0.15 at \$54.00.

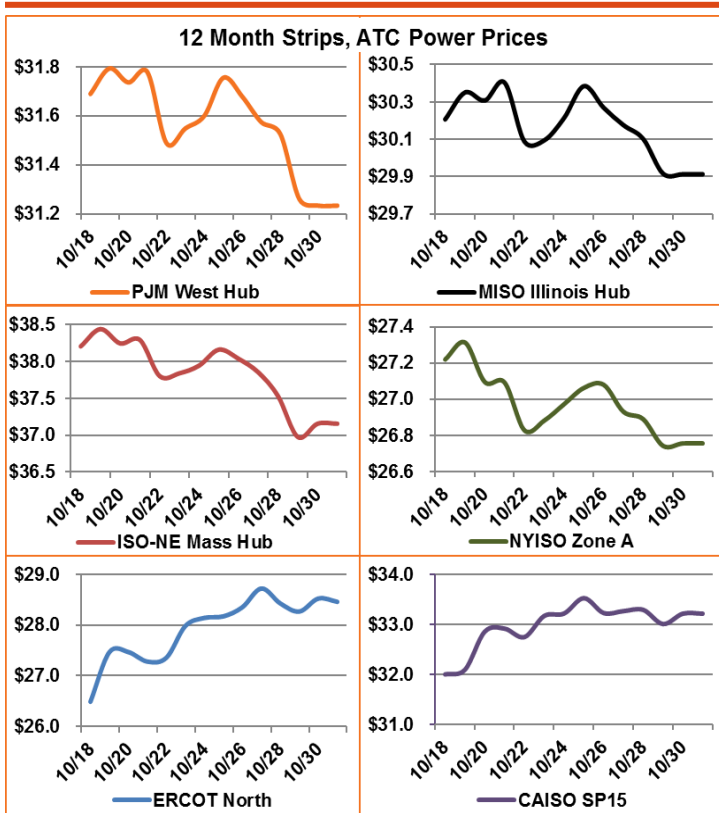
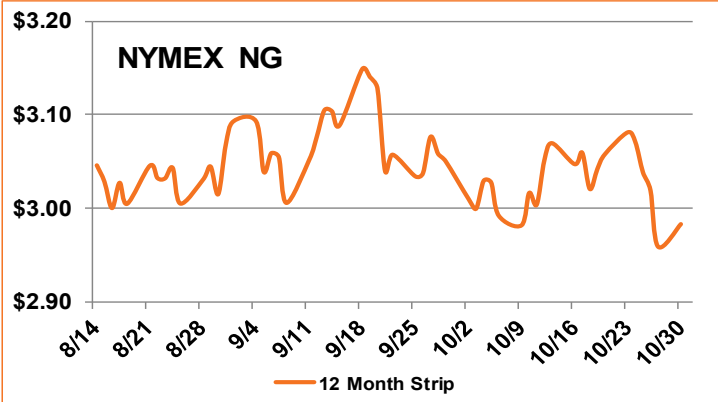
Summary: In its first day of prompt-month trading, the December natural gas contract rose less than a cent on the day to \$2.966/ MMBtu, after trading up to three cents higher in the morning session. The 12-month strip gained less than a cent to \$2.98, Cal'18 gained less than a cent to \$2.999, and outer years 2019 through 2023 all rose up to 2.5 cents. Weather forecasts for the next 20 days look to all be fairly similar, with the Northwest remaining three to eight degrees below normal, and the South and Northeast between three and five degrees above normal. This more mild East Coast is forecasted to bring lower power burns in the immediate term, a bearish indicator in a market that is flush with record production. Even with a potentially elongated injection season, year-end storage numbers will still likely finish below historical benchmarks.

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



Next Day On-Peak Power (traded for 10/31/2017)

ISO-NE Mass Hub \$29.95	MISO Indiana Hub \$33.50	NYISO Zone G \$25.63
PJM West Hub \$32.55	ERCOT North \$23.47	CAISO SP15 \$39.89
NYMEX NG		
	Close	Change
Dec-17	2.966	0.002
Jan-18	3.100	-0.002
12 Month	2.983	0.002
Cal 18	2.999	0.002
Cal 19	2.913	0.008

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,710	3,646	3,899	3,756
Diff v. Current		64	-189	-46
% Diff			-4.8%	-1.2%

