

Early Morning Update:

The Dec18 natural gas contract is trading up \$0.04 at \$3.23. The Dec18 crude contract is down \$0.13 at \$66.05.

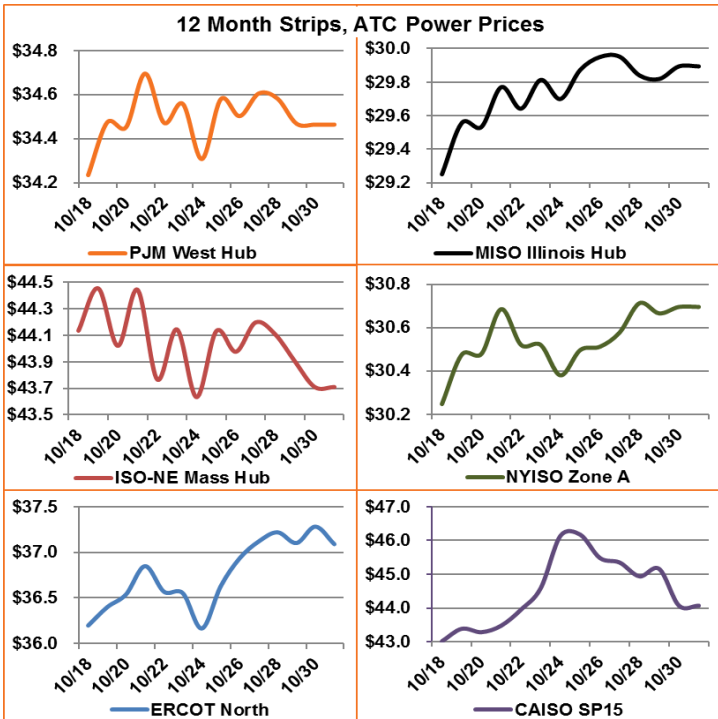
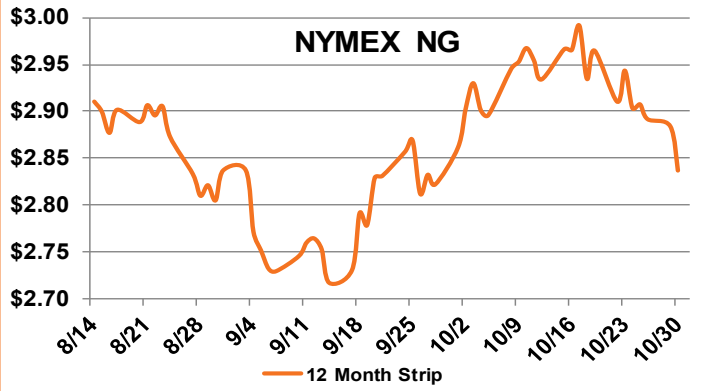
Summary: On its first day as prompt month, the December NYMEX natural gas contract lost a modest 1.1 cents yesterday to settle at \$3.187/MMBtu, after trading in a 12-cent range between \$3.166 and \$3.281. While the National Weather Service's 6-10 day outlook was unchanged yesterday, the 8-14 day outlook had bullish revisions, predicting below-normal temperatures for the middle of the country. After hitting a record high of 85.2 Bcf/d on Sunday, natural gas production has faltered a bit and is estimated to average 84.6 Bcf/d for the next week. Considering natural gas storage is still expected to be at a 13-year low heading into the upcoming winter, this year's heating demand season may rely more heavily on pipeline supply, rather than traditional storage avenues. Winter concern over supply still lingers, while the market hopes production continues to increase through the winter, though there could be inflated risk in extremely cold conditions due to wellhead freeze-offs.

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 10/31/2018)

ISO-NE Mass Hub \$36.04	MISO Indiana Hub \$35.00	NYISO Zone G \$35.52
PJM West Hub \$34.09	ERCOT North \$29.28	CAISO SP15 \$43.09
NYMEX NG		
	Close	Change
Dec-18	3.187	-0.011
Jan-19	3.244	-0.017
12 Month	2.837	-0.013
Cal 19	2.814	-0.013
Cal 20	2.660	-0.014

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%

