

Early Morning Update:

The Dec18 natural gas contract is trading up \$0.27 at \$3.55. The Dec18 crude contract is up \$0.36 at \$63.50.

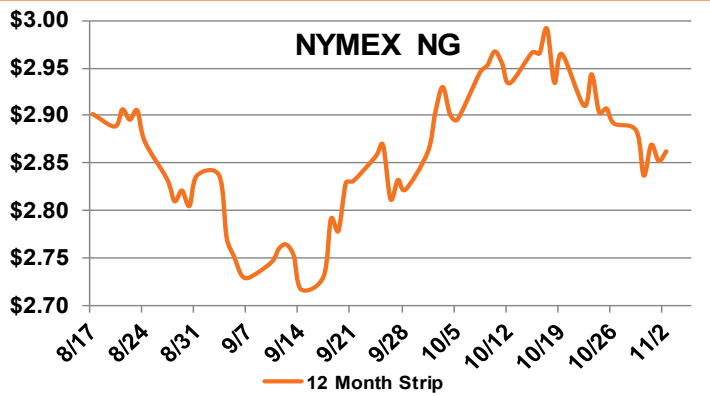
Summary: On Friday, the December 2018 NYMEX natural gas contract surged higher by 4.7 cents on the day to settle at \$3.284/MMBtu, after a volatile day of trading between \$3.166/MMBtu and \$3.313/MMBtu. The storage deficit remains a bullish factor, almost 17% below the 5-year average, with only two more injections estimated to close out this season. Weather forecasts are also a major fundamental adding to the upward pressure to winter pricing, since Friday forecasts have taken a significant shift, with some large degree-day changes over this past weekend. The 6-10 and 11-15 day forecasts are predicting a huge blanket of colder-than-normal temperatures for the majority of the country, before moving mostly to cover the eastern half of the country and south through Texas. As we see these major demand center regions for natural gas cool throughout this month, we could see even more volatility to winter pricing, with storage levels so low and Rescomm sector demand increasing. After hitting a new record last week of 85.5 Bcf/d, U.S. dry production remains at a healthy level, hovering just under 85 Bcf/d, up 8.6 Bcf/d compared to last year at this time.

Bullish Factors

- High power burns
- LNG exports ramping up
- Lowest EOS storage level in decade

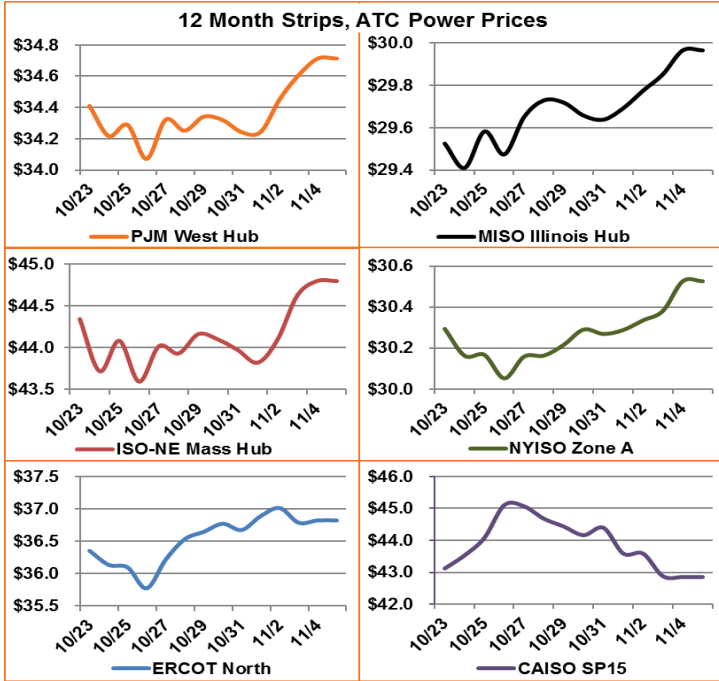
Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



Next Day On-Peak Power (traded for 11/5/2018)

ISO-NE Mass Hub \$41.90	MISO Indiana Hub \$38.22	NYISO Zone G \$37.13
PJM West Hub \$38.16	ERCOT North \$33.71	CAISO SP15 \$40.04
NYMEX NG		Change
Dec-18	3.284	0.047
Jan-19	3.310	0.035
12 Month	2.863	0.010
Cal 19	2.832	0.007
Cal 20	2.673	0.003



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,143	3,095	3,766	3,781
Diff v. Current		48	-623	-638
% Diff			-16.5%	-16.9%

