

**Early Morning Update:**

The Dec18 natural gas contract is trading down \$0.03 at \$3.54. The Dec18 crude contract is up \$0.05 at \$63.15.

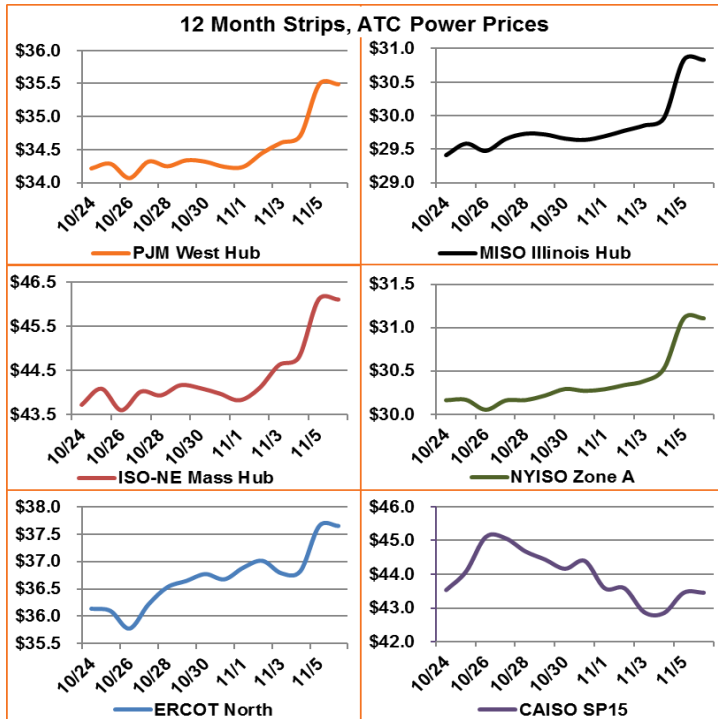
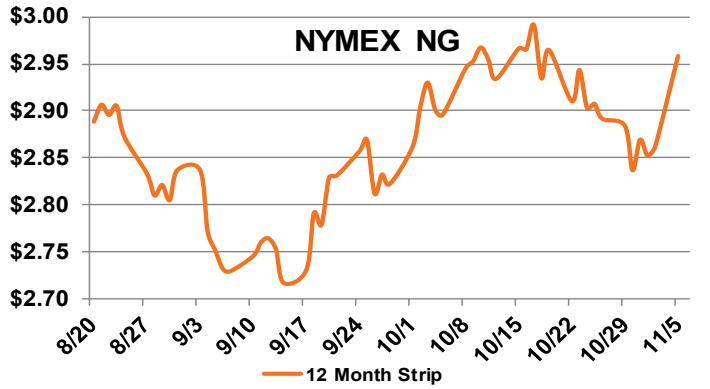
**Summary:** The December and January natural gas futures contracts “went through the roof” on Monday, as concerns over the looming storage deficit in the face of freezing temperatures in the northern U.S. were raised once again. The prompt month rose almost 30 cents yesterday, settling at \$3.567/MMBtu, up 28.3 cents from Friday’s close. January spiked to \$3.575, up 26.5 cents. Weather outlooks changed drastically over the weekend, with much-below-normal temperatures now expected to spread across most of the country over the next two weeks. Demand for natural gas is projected to reach 36.2 Bcf/d by early next week, which is significantly higher than the 31 Bcf/d five-year November average. With only two more storage injections anticipated this season, end-of-season storage levels will lag the five-year average by about 615 Bcf (16%). The market is counting on record natural gas production to make up the shortfall, but the coming early blast of frigid weather is bringing the situation front and center.

**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 11/6/2018)**

<b>ISO-NE Mass Hub</b> \$40.66	<b>MISO Indiana Hub</b> \$35.18	<b>NYISO Zone G</b> \$37.15
<b>PJM West Hub</b> \$37.48	<b>ERCOT North</b> \$45.00	<b>CAISO SP15</b> \$44.00
<b>NYMEX NG</b>		
	<b>Close</b>	<b>Change</b>
<b>Dec-18</b>	3.567	0.283
<b>Jan-19</b>	3.575	0.265
<b>12 Month</b>	2.959	0.096
<b>Cal 19</b>	2.907	0.074
<b>Cal 20</b>	2.680	0.006

**EIA Natural Gas Storage**

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

