

Early Morning Update:

The Dec17 natural gas contract is trading down \$0.01 at \$3.12. The Dec17 crude contract is down \$0.05 at \$57.30.

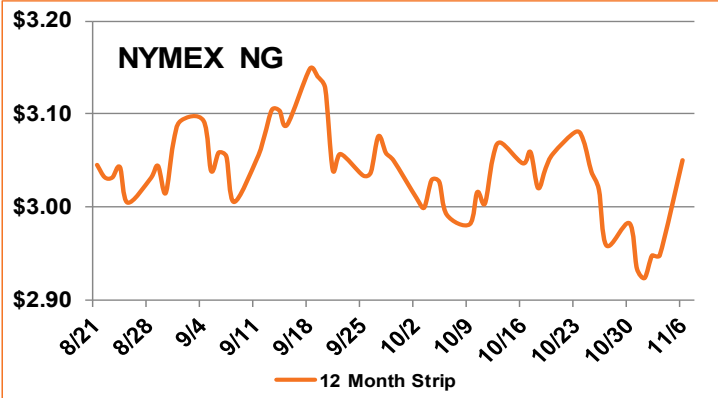
Summary: The natural gas prompt month surged to a two-month high of \$3.134 on Monday, fueled by weather revisions and short-covering. Power prices were mixed across the U.S., with the Northeast and parts of Texas increasing \$5-\$10 in spot trading, the Midwest creeping up slightly by \$2, and western markets falling \$1-\$3. Prior to the weekend, most high demand centers were expected to be at least slightly above normal through the short term forecasts. Colder revisions on Monday left the Northeast and East Coast at or even slightly below normal for the next three weeks, while the Southeast retains its warmth. Despite the recent all-time highs set by production, the projected weather brings with it bolstered demand forecasts as well, with residential and commercial demand expected to average nearly 10 Bcf/d higher than November 2016 over the next two weeks. Storage injections are thusly limited, looking for one, perhaps two, more meager injections before beginning the winter withdrawal season.

Bullish Factors

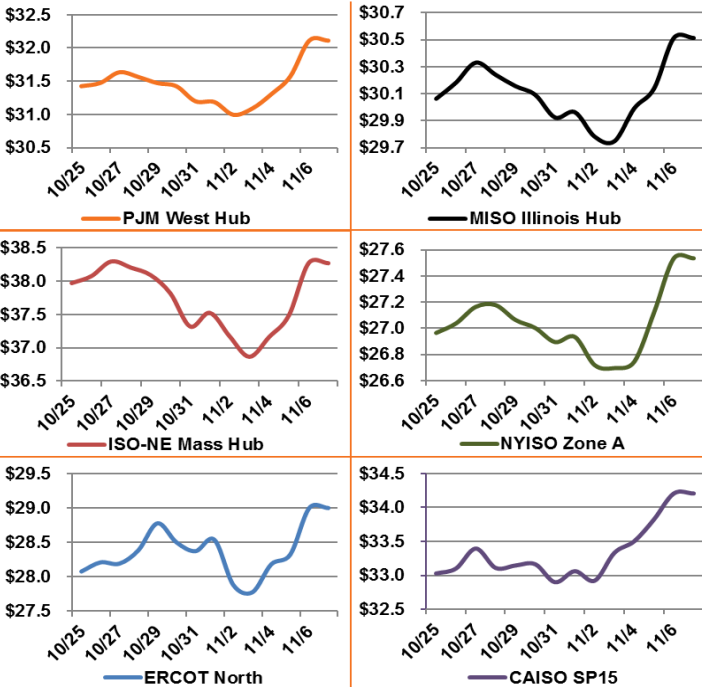
- Rising NG production costs
- Exports to Mexico at record high
- Attention turning toward winter

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- NG production at record levels



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 11/7/2017)

ISO-NE Mass Hub \$29.71	MISO Indiana Hub \$35.27	NYISO Zone G \$32.20
PJM West Hub \$37.02	ERCOT North \$25.55	CAISO SP15 \$52.02
NYMEX NG	Close	Change
Dec-17	3.134	0.150
Jan-18	3.232	0.135
12 Month	3.051	0.072
Cal 18	3.055	0.062
Cal 19	2.917	0.011

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,775	3,710	3,955	3,816
Diff v. Current		65	-180	-41
% Diff			-4.6%	-1.1%

