

Early Morning Update:

The Dec18 natural gas contract is trading down \$0.03 at \$3.52. The Dec18 crude contract is up \$0.44 at \$62.65.

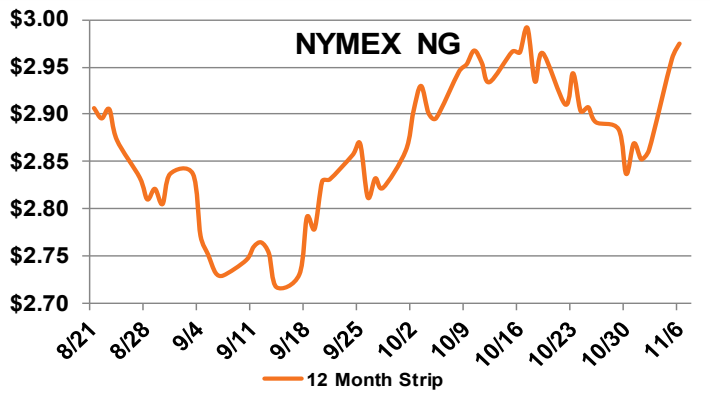
Summary: Reeling from Monday's 28.3 cent gain, the December 2018 prompt month lost 1.2 cents to settle at \$3.555/MMBtu yesterday. While near-term weather outlooks, predicting below normal temperatures for the eastern 2/3 of the country, support natural gas winter prices, speculation underlying the market supposes Monday was too strong of a rally, and there could be downside to the recent highs. Despite these sentiments, due to weather outlooks, residential and commercial demand is expected to rise nearly 10 Bcf/d over the next seven days, pushing total U.S. gas demand to ~83 Bcf/d. With natural gas storage anticipated to be a 13-year low heading into this winter, production growth should help ease some of the supply and demand balance. However, NG production has not shown improvement since reaching a high of 85.5 Bcf on October 31.

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 11/7/2018)

ISO-NE Mass Hub \$36.08	MISO Indiana Hub \$35.13	NYISO Zone G \$35.46
PJM West Hub \$36.86	ERCOT North \$38.00	CAISO SP15 \$45.50
NYMEX NG		Change
Dec-18	3.555	-0.012
Jan-19	3.583	0.008
12 Month	2.975	0.016
Cal 19	2.925	0.019
Cal 20	2.690	0.010

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%

