

Early Morning Update:

The Dec17 natural gas contract is trading up \$0.02 at \$3.17. The Dec17 crude contract is down \$0.15 at \$57.05.

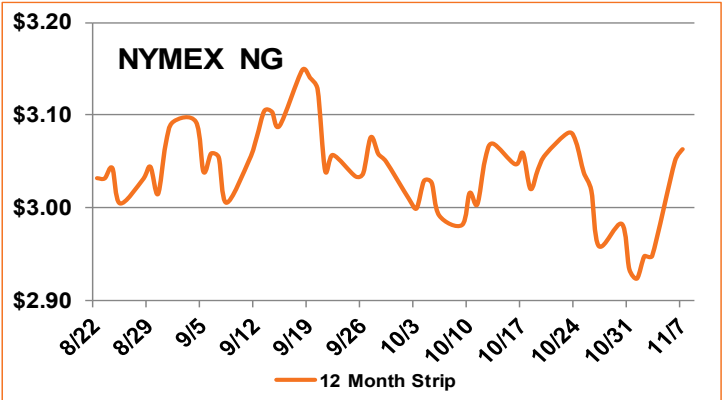
Summary: Despite domestic natural gas production levels sustaining above 76 Bcf/d since Saturday and setting a new all-time high of 76.4 Bcf/d on Monday, the December prompt month climbed another 1.8 cents yesterday amid bullish near-term weather forecasts, finishing the trading day at \$3.152/MMBtu. US natural gas demand this fall season is at its highest level since 2005. Total gas demand this November is about 6.0 Bcf/d higher compared to this time in November 2016. The launch of LNG exports and the shift in the power generation stack are the primary contributors to higher demand levels this shoulder season. Since 2010, nearly 42 GW of coal-fired capacity retired, and another 11 GW is expected to retire by the end of 2018. Most of the retirements were replaced by gas-fired power generation units, attributing to gas demand growth from the power sector. With cooler weather forecasted in the near-term outlooks, gas demand is anticipated to average ~77.2 Bcf/d for the next 14 days.

Bullish Factors

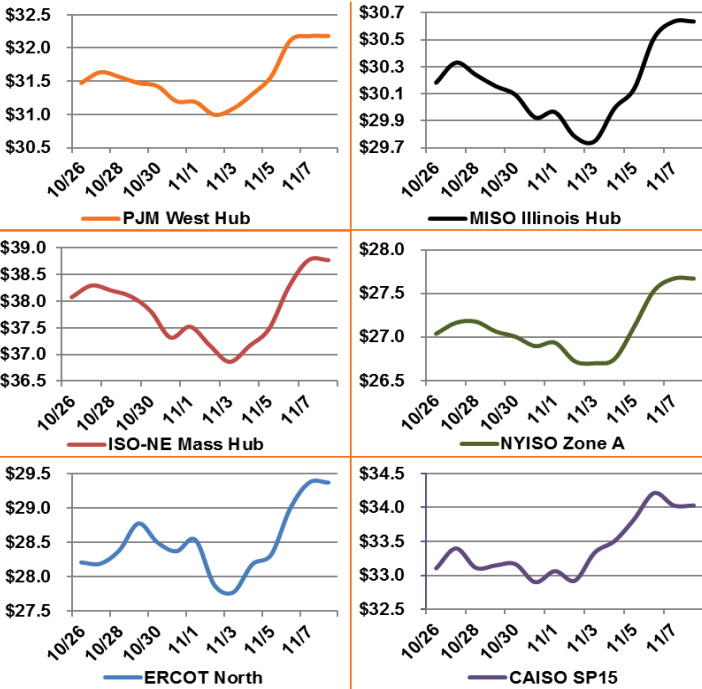
- Rising NG production costs
- Exports to Mexico at record high
- Attention turning toward winter

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 11/8/2017)

ISO-NE Mass Hub \$37.92	MISO Indiana Hub \$36.24	NYISO Zone G \$38.05
PJM West Hub \$45.04	ERCOT North \$27.77	CAISO SP15 \$60.38
NYMEX NG	Close	Change
Dec-17	3.152	0.018
Jan-18	3.251	0.019
12 Month	3.064	0.013
Cal 18	3.067	0.012
Cal 19	2.911	-0.005

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%

