

Early Morning Update:

The Dec18 natural gas contract is trading up \$0.11 at \$3.83. The Dec18 crude contract is up \$0.81 at \$61.00.

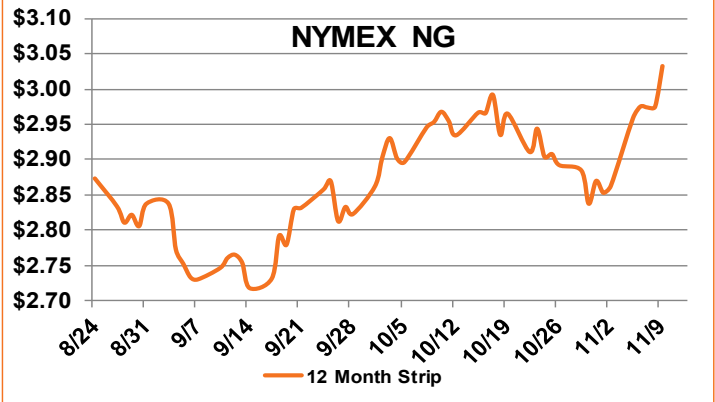
Summary: On Friday, the December 2018 NYMEX natural gas futures price felt upward pressure, climbing 17.6 cents on the day to settle at \$3.719/MMBtu, breaching the current year-to-date high settlement price of \$3.631/MMBtu back in January. The prompt month was rangebound throughout the day between \$3.552/MMBtu and \$3.824/MMBtu. Pricing for this upcoming winter remains extremely volatile and weather-sensitive, as current storage levels continue to disappoint at about 16% below the 5-year average heading into withdrawal season. Weather forecasts show a blanket of colder-than-normal temperatures for Texas and the majority of the eastern half of the country through November 21st. This cold snap covers major demand center regions for natural gas and may cause even more volatility to pricing with the possibility that prices may reach \$4/MMBtu. As the weather continues to cool, U.S. demand for natural gas, mainly for heating in the ResComm sector, moves higher to 95.5 Bcf on Friday and is likely to grow. U.S. dry production remains at a healthy level, hovering above 84 Bcf/d with no expectation for a dip over the next week.

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 11/12/2018)

ISO-NE Mass Hub \$45.53	MISO Indiana Hub \$45.50	NYISO Zone G \$40.91
PJM West Hub \$48.54	ERCOT North \$29.52	CAISO SP15 \$50.00
NYMEX NG		Change
Dec-18	3.719	0.176
Jan-19	3.721	0.168
12 Month	3.033	0.058
Cal 19	2.971	0.044
Cal 20	2.700	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,208	3,143	3,788	3,829
Diff v. Current		65	-580	-621
% Diff			-15.3%	-16.2%

