

Early Morning Update:

The Dec17 natural gas contract is trading down \$0.09 at \$3.08. The Dec17 crude contract is down \$0.21 at \$56.55.

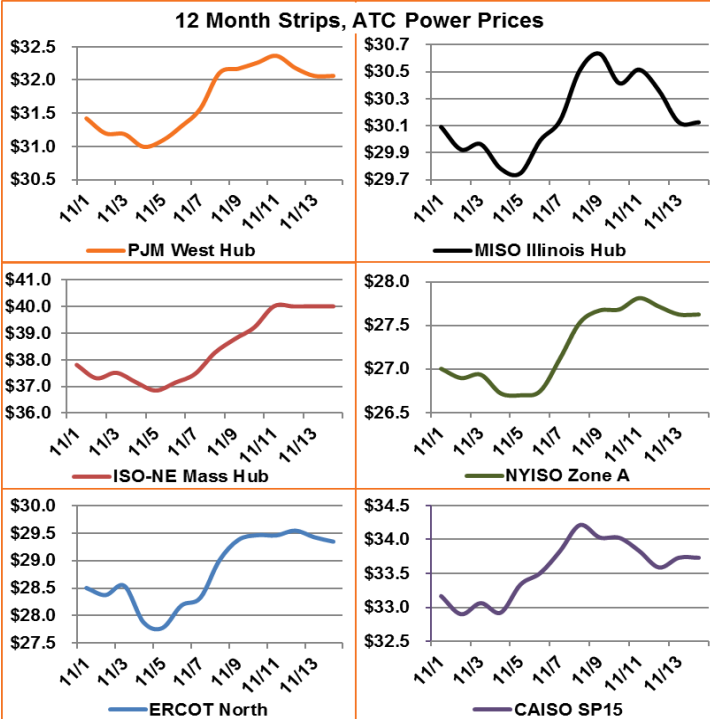
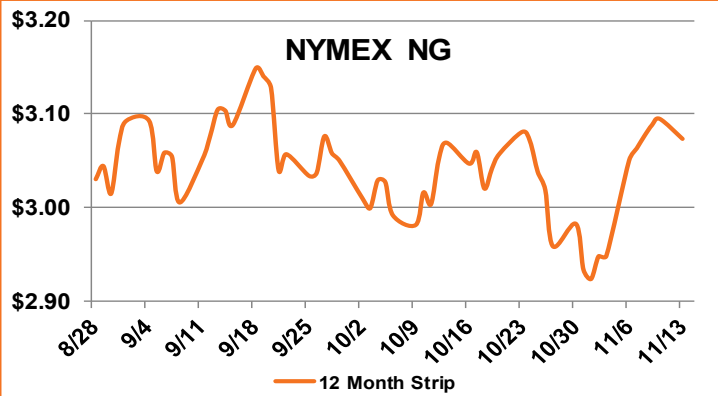
Summary: With temperatures moderating in the Northeast and Midwest, total U.S. demand for natural gas is down 0.9 Bcf/d today from yesterday, and is down 6.8 Bcf/d (7%) from the past six-day average. In the res-comm sector, demand is down 1.1 Bcf/d day-over-day. Feedgas for LNG exports has backed off, as well, with deliveries to the Sabine Pass export terminal stymied by ongoing upstream maintenance. Meanwhile, U.S. lower 48 dry production continues to set new records, reaching 77.1 Bcf/d on Sunday. With some profit-taking thrown into the mix, all of this has combined to help push natural gas prices lower, with the prompt month seeing declines for the first time in seven straight sessions. The Dec17 contract lost 4.6 cents on Monday, settling at \$3.167/MMBtu. The arrival of the first burst of cold weather this season gave natural gas prices a boost, but the uncertainty over longer-term winter forecasts seems to be squelching the upside. Updates to preliminary winter outlooks should be coming out in the next few weeks.

Bullish Factors

- Cold weather
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

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



Next Day On-Peak Power (traded for 11/14/2017)

ISO-NE Mass Hub \$56.19	MISO Indiana Hub \$34.02	NYISO Zone G \$42.05
PJM West Hub \$41.70	ERCOT North \$23.07	CAISO SP15 \$49.90
NYMEX NG	Close	Change
Dec-17	3.167	-0.046
Jan-18	3.262	-0.044
12 Month	3.074	-0.021
Cal 18	3.077	-0.018
Cal 19	2.918	0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,790	3,775	4,009	3,861
Diff v. Current		15	-219	-71
% Diff			-5.5%	-1.8%

