

Early Morning Update:

The Dec18 natural gas contract is trading down \$0.25 at \$4.59.
The Dec18 crude contract is up \$0.35 at \$56.60.

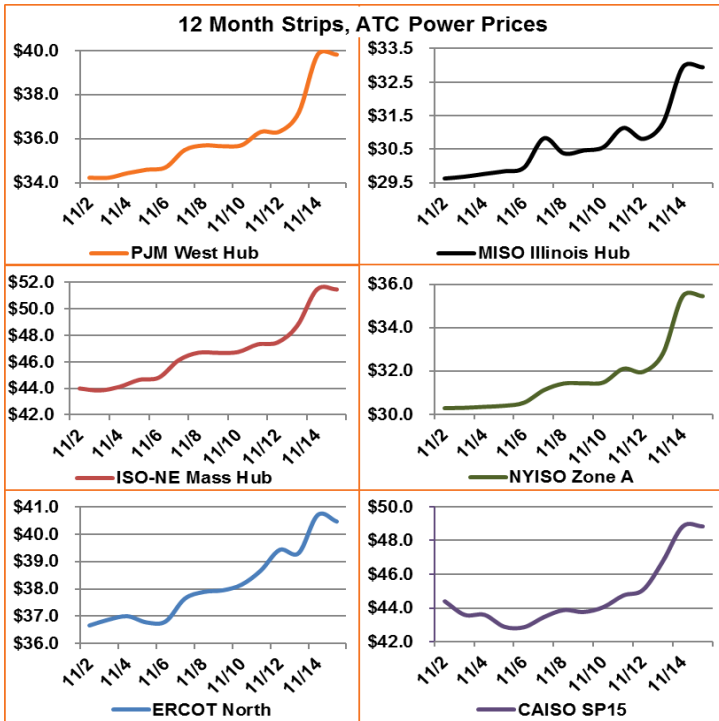
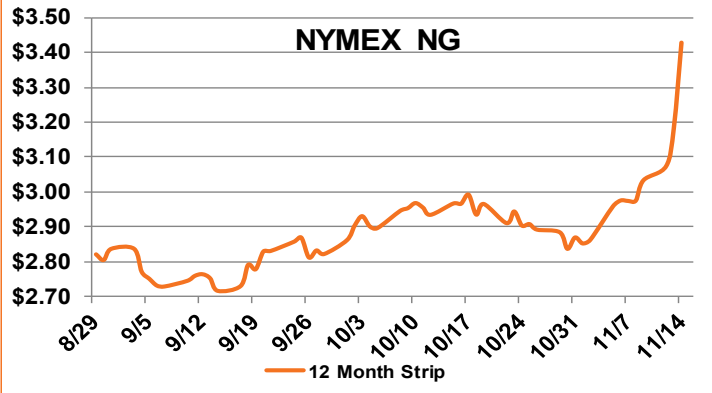
Summary: December 2018 NYMEX natural gas contract gained another 73.6 cents yesterday to settle at \$4.837/MMBtu. November's burst of cold weather came as a bit of a shock to the market, especially after a projected mild or slightly warmer winter. U.S. demand increased 1.6 Bcf/d on the day to 111 Bcf/d for Wednesday's gas day, after Tuesday's initial estimate was revised up by 800 MMcf/d. Regionally, the Northeast and the Southeast had the biggest increases, with total demand jumping 3.9 Bcf/d and 800 MMcf/d, respectively. Total U.S. supply is down by 400 MMcf/d from Tuesday, as a 600-MMcf/d decrease in evening cycle production estimates was partially offset by rising imports from Canada targeting the U.S. Northeast. Despite increases in solar generation and flat-to-declining levels of overall generation, coal-fired generation has seen sizable year-over-year gains in the back half of the year (as high as 33% year-over-year in September). Gas-fired generation, which exhibited some growth in the beginning of the year, has tapered off.

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 11/15/2018)

ISO-NE Mass Hub \$80.69	MISO Indiana Hub \$46.67	NYISO Zone G \$58.01
PJM West Hub \$59.00	ERCOT North \$41.00	CAISO SP15 \$70.57
NYMEX NG		Change
Dec-18	4.837	0.736
Jan-19	4.898	0.751
12 Month	3.426	0.243
Cal 19	3.268	0.180
Cal 20	2.685	-0.019

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%

