

Early Morning Update:

The Dec18 natural gas contract is trading down \$0.04 at \$4.21. The Jan19 crude contract is down \$0.13 at \$51.50.

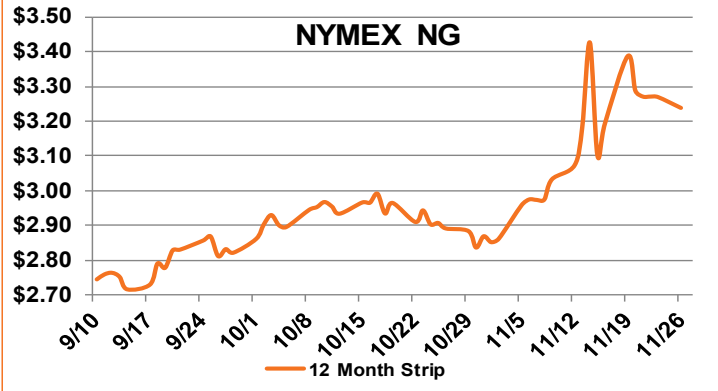
Summary: Natural gas continued its extreme variability on Monday, this time to the downside, as natural gas production hit new highs. The December prompt month lost six cents to \$4.248/MMBtu, the 12-month strip dropped three cents to \$3.238, and the 2019 and 2020 years went down two and one-half cents and less than a penny, respectively, to \$3.130 and \$2.653. National production just edged out the record hit on Sunday, topping out at 86.1 Bcf/d yesterday. Gains came mainly from Texas, where the Permian shale continues its prolific increase in supply. Weather forecasts over the coming weeks appear varied, with the colder East and warmer-than-normal West, essentially flipping coasts over the next ten days. The East coast looks to warm slightly in the first week of December, while the western half of the country dips below normal.

Bullish Factors

- Cold weather
- LNG exports ramping up
- Lowest EOS storage level in decade

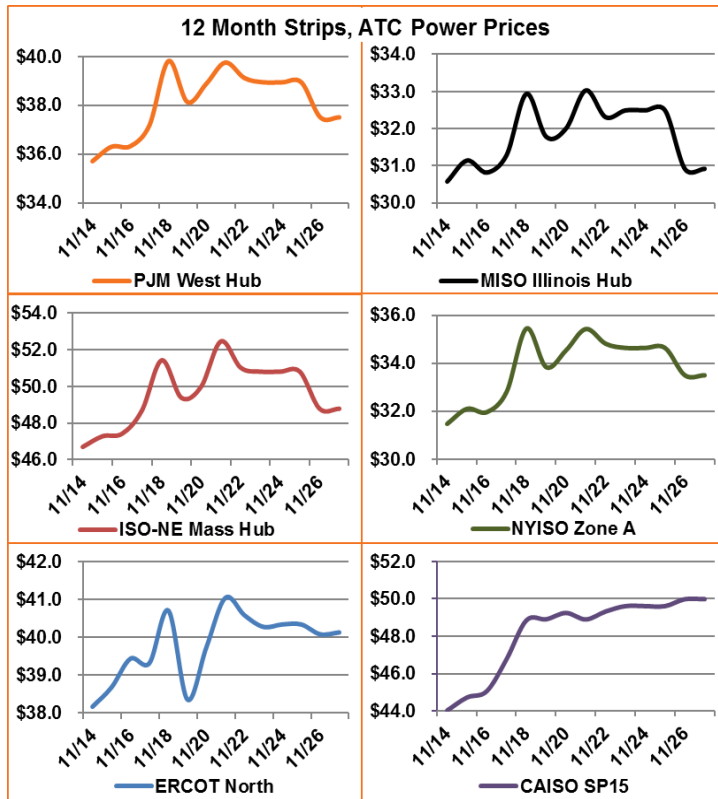
Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



Next Day On-Peak Power (traded for 11/27/2018)

| ISO-NE Mass Hub \$57.75 | MISO Indiana Hub \$49.78 | NYISO Zone G \$40.57 |
|----------------------------|-----------------------------|-------------------------|
| PJM West Hub \$45.06 | ERCOT North \$35.00 | CAISO SP15 \$66.36 |
| NYMEX NG | | Change |
| Dec-18 | 4.248 | -0.060 |
| Jan-19 | 4.299 | -0.056 |
| 12 Month | 3.238 | -0.031 |
| Cal 19 | 3.130 | -0.026 |
| Cal 20 | 2.653 | -0.003 |



EIA Natural Gas Storage

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|--------------|--------------|---------------|---------------|
| Total | 3,113 | 3,247 | 3,733 | 3,823 |
| Diff v. Current | | -134 | -620 | -710 |
| % Diff | | | -16.6% | -18.6% |

