

Early Morning Update:

The Dec17 natural gas contract is trading up \$0.11 at \$3.04. The Jan18 crude contract is down \$0.11 at \$58.00.

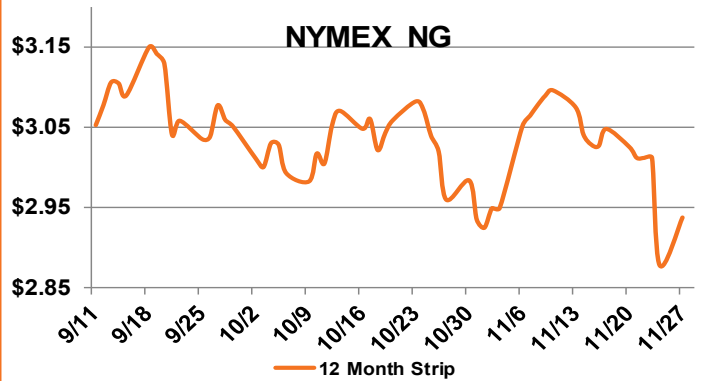
Summary: In its penultimate trading session, traders took advantage of the 15.5 cent tumble the Dec17 natural gas contract took last Friday, with prices rebounding 11.5 cents yesterday and settling at \$2.928/MMBtu amid short-covering and technical buying. December rolls off the books at the end of the day today, and January moves into the prompt position tomorrow. Prices for the Jan18 contract also moved up significantly yesterday, closing at \$3.017 after climbing more than ten cents. Although natural gas production is at an all-time high, reaching 77.0 Bcf/d yesterday, colder weather is just around the corner, which should increase the amount of gas pulled from storage and add additional support for higher prices. Despite trailing last year for most of 2017, natural gas used for power generation is about 4% higher this month than November 2016. The 0.7 Bcf/d day-over-day increase in power burn, however, is offset by a 1.2 Bcf/d drop in res/comm demand. Overall, total U.S. demand is down 1.0 Bcf/d today from yesterday, at 81.0 Bcf/d.

Bullish Factors

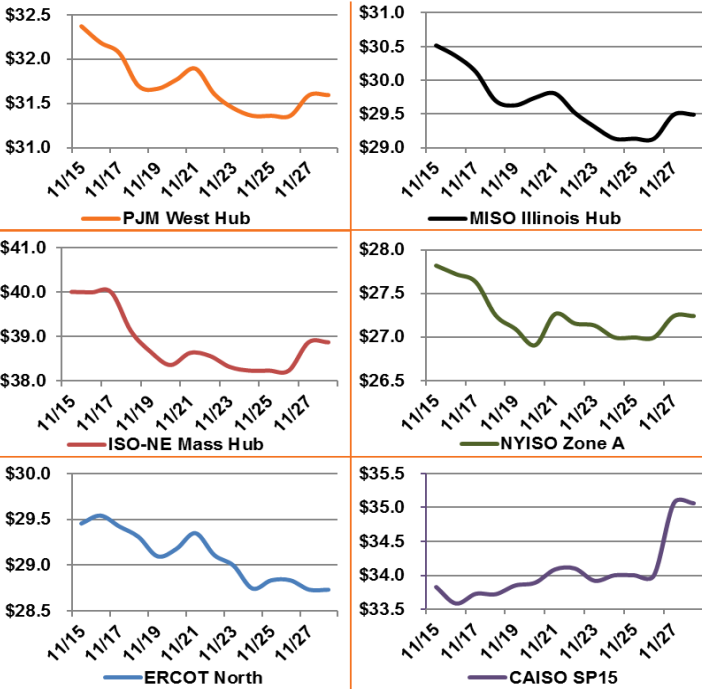
- LNG exports ramping up
- Exports to Mexico at record high
- Growing LNG exports

Bearish Factors

- Mild weather forecasts
- Increased renewable energy gen
- NG production at record levels



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 11/28/2017)

ISO-NE Mass Hub \$32.58	MISO Indiana Hub \$27.95	NYISO Zone G \$30.56
PJM West Hub \$27.04	ERCOT North \$20.89	CAISO SP15 \$45.58
NYMEX NG		
	Close	Change
Dec-17	2.928	0.115
Jan-18	3.017	0.101
12 Month	2.937	0.059
Cal 18	2.954	0.053
Cal 19	2.906	0.028

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,726	3,772	4,045	3,874
Diff v. Current		-46	-319	-121
% Diff			-7.9%	-3.1%

