

**Early Morning Update**

The Oct19 natural gas contract is trading flat to yesterday's close at \$2.67. The Oct19 crude oil contract is down \$1.14 at \$58.20.

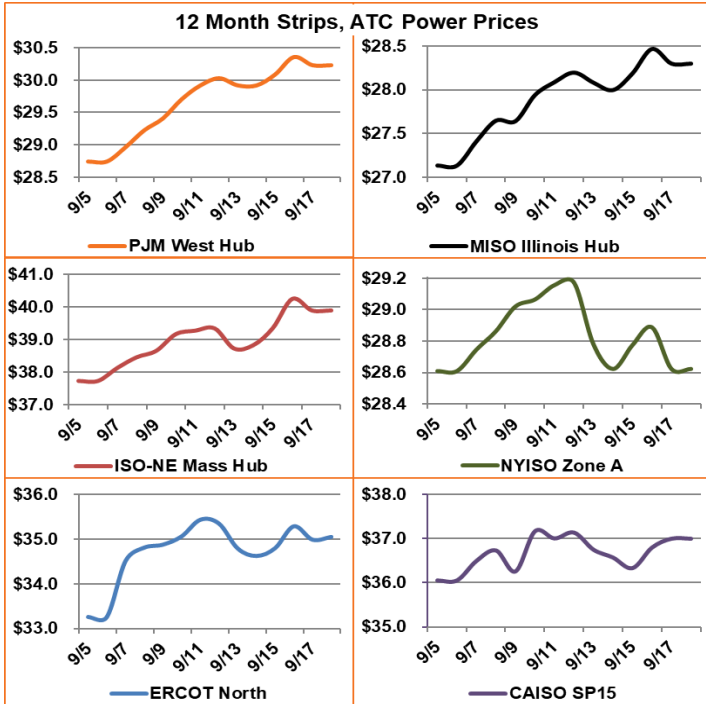
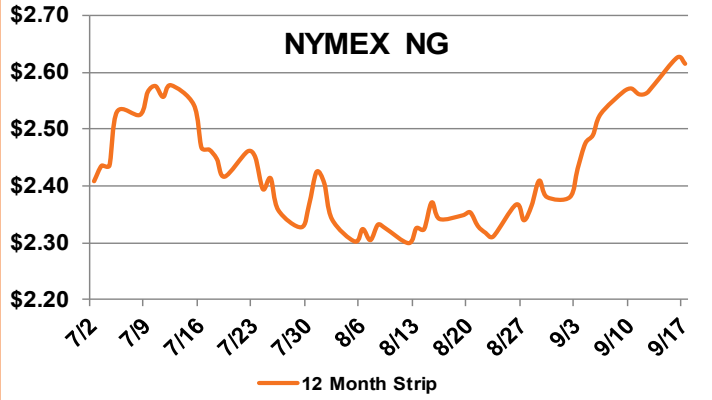
**Summary:** It was a quiet day on the NYMEX yesterday, with the October 2019 contract losing a modest 1.3 cents to settle at \$2.668/MMBtu amid lower demand outlooks and stagnating production. The National Weather Service slightly decreased the probability for warmer-than-normal temperatures along the eastern two thirds of the country in their 6-10 and 8-14 day outlooks, prompting lower demand outlooks for the next few weeks. Forecasts predict demand to average ~69 Bcf/d during the next two weeks, down ~3 Bcf/d from current demand levels. On the supply side, U.S. domestic dry gas production remains steady around 90 Bcf/d. However, the August 2019 EIA Drilling Productivity Report released on September 16 shows a continued decline in the drilled but uncompleted well (DUC) count month-over-month. According to the report, the count went from 8,092 to 7,950, and all regions reported lower with the exception of Haynesville. To preserve the supply demand balance moving forward, continued production growth will be required, as demand is expected to grow in coming years, specifically due to power burn and export growth.

**Bullish Factors**

- Growing LNG exports
- Record demand levels
- Hot weather

**Bearish Factors**

- Record NG production
- Higher associated gas production
- Healthy storage levels



**Next Day On-Peak Power (traded for 9/18/2019)**

<b>ISO-NE Mass Hub</b> \$24.44	<b>MISO Indiana Hub</b> \$33.86	<b>NYISO Zone G</b> \$22.14
<b>PJM West Hub</b> \$26.96	<b>ERCOT North</b> \$30.39	<b>CAISO SP15</b> \$30.59

<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Oct-19	2.668	-0.013
Nov-19	2.700	-0.025
12 Month	2.614	-0.011
Cal 20	2.568	-0.007
Cal 21	2.463	-0.005

**EIA Natural Gas Storage**

<b>EIA Reported Storage (Bcf)</b>	<b>This Week</b>	<b>Last Week</b>	<b>Last Year</b>	<b>5-Year Avg.</b>
<b>Total</b>	<b>3,019</b>	<b>2,941</b>	<b>2,626</b>	<b>3,096</b>
<b>Diff v. Current</b>		<b>78</b>	<b>393</b>	<b>-77</b>
<b>% Diff</b>			<b>15.0%</b>	<b>-2.5%</b>

