

Early Morning Update

The Oct19 natural gas contract is trading down \$0.02 at \$2.51. The Nov19 crude oil contract is down \$0.09 at \$58.00.

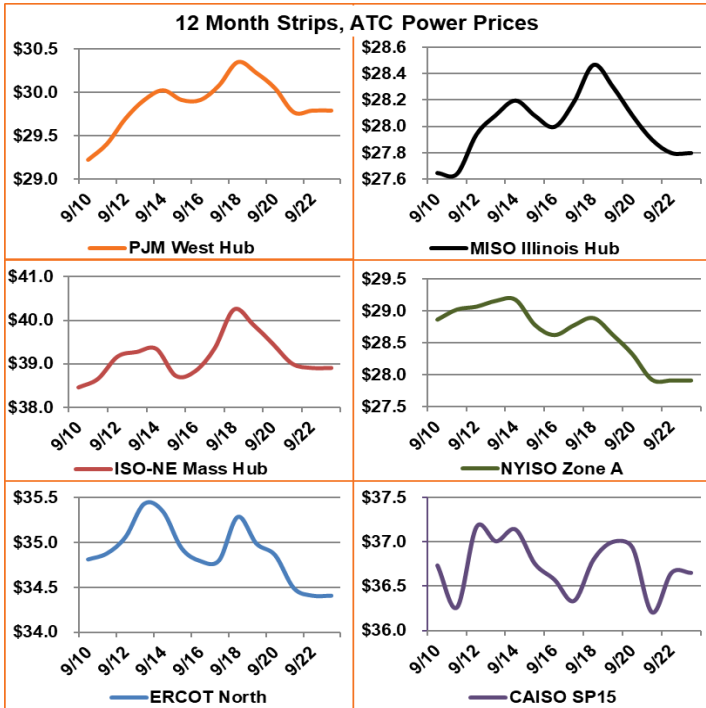
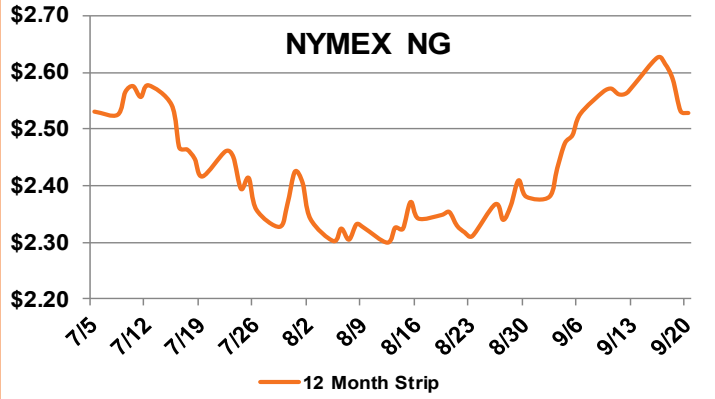
Summary: After the largest prompt month day-over-day price drop since mid-July on Thursday, natural gas prices continued to soften on Friday, albeit at a much slower pace. The Oct19 NYMEX contract lost less than half of a penny on Friday, settling at \$2.534/MMBtu. The front month has lost almost 15 cents in the last four trading sessions, after running up 30% since the beginning of August. Cal 2020 was relatively flat, while the 2021-2025 calendar strips all gained a penny. Warmer-than-normal temperatures are forecast to continue for the eastern half of the U.S. through the first week of October, which should continue to help elevate demand for natural gas, but above-average temperatures are starting to have less influence on demand, as normal temperatures begin to decrease heading into the shoulder season. Dry production has averaged just over 90 Bcf/d this past week, down slightly from the average seen so far this month, but still 5.5 Bcf/d higher than what it was a year ago. The Cove Point LNG export facility started a maintenance outage on Friday, adding to the overall bearishness of the natural gas market. The outage is expected to last approximately three weeks.

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 9/23/2019)

ISO-NE Mass Hub \$27.40	MISO Indiana Hub \$33.00	NYISO Zone G \$27.00
PJM West Hub \$35.56	ERCOT North \$62.29	CAISO SP15 \$35.02
NYMEX NG		Change
Oct-19	Close 2.534	-0.004
Nov-19	2.555	-0.014
12 Month	2.528	-0.003
Cal 20	2.508	0.001
Cal 21	2.474	0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,103	3,019	2,710	3,178
Diff v. Current		84	393	-75
% Diff			14.5%	-2.4%

