

Early Morning Update

The Oct19 natural gas contract is trading up \$0.01 at \$2.54. The Nov19 crude oil contract is down \$0.59 at \$58.05.

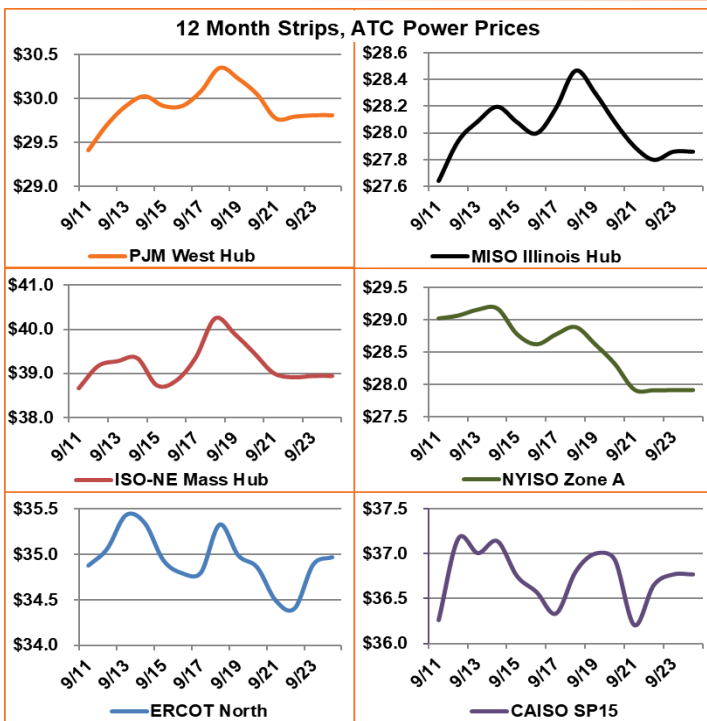
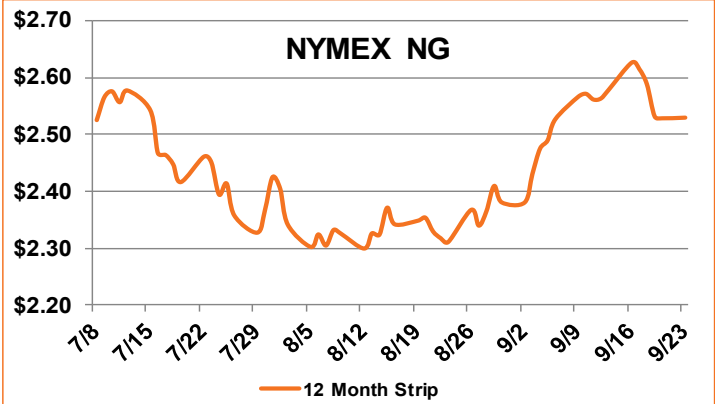
Summary: The current heat wave that's forecasted to continue into early October is becoming a bearish signal for future NYMEX contracts. Delays to cooling demand, coupled with sustained near-record production, has weakened the prompt month contract over the last week, and that trend continued during yesterday's trading activity. The Oct'19 contract settled at \$2.527/MMBtu yesterday, which is not quite a penny lower from Monday's close. The rest of the contracts within the twelve month strip barely moved at all, and 2020-2022 calendar strips all experienced moves of less than a penny. Although warmer weather is dampening demand, demand from exports to Mexico is expected to pick up over the next few weeks as the Sur de Texas pipeline ramps up commercial operations towards its capacity of 2.6bcf/d.

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 9/24/2019)

ISO-NE Mass Hub \$23.87	MISO Indiana Hub \$28.70	NYISO Zone G \$24.17
PJM West Hub \$28.20	ERCOT North \$97.37	CAISO SP15 \$48.69
NYMEX NG		
	Close	Change
Oct-19	2.527	-0.007
Nov-19	2.555	0.000
12 Month	2.529	0.001
Cal 20	2.511	0.003
Cal 21	2.472	-0.002

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%

