

**Early Morning Update**

The Nov19 natural gas contract is trading down \$0.01 at \$2.23. The Nov19 crude oil contract is down \$0.74 at \$51.90.

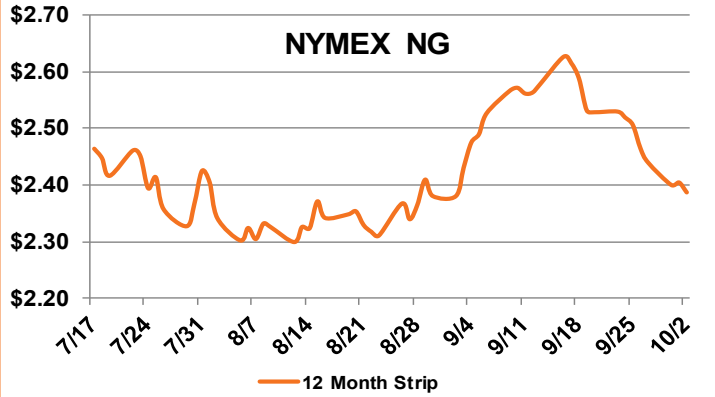
**Summary:** Natural gas prices extended their decline yesterday, as the NYMEX prompt month contract fell another 3.6 cents, settling at \$2.247/MMBtu. The 12-month strip and calendar 2020 each lost less than two cents, with 2021-2022 closing nearly flat against the prior day's close, and the 2023-2025 strips gaining just under two cents. A respite from the lingering above-normal temperatures is on the horizon for the East & Midwest, before slightly-above-average temperatures return by next weekend. ERCOT weather looks to be following a similar trend. Today's storage expectation is a healthy 106 Bcf, which, combined with the delayed start to cooler weather, should continue to leave us within easy range of beating the 5-year average before withdrawal season begins. The latest end-of-season storage projection is 3.8 Tcf, about 70 Bcf more than the 5-year average.

**Bullish Factors**

- Growing LNG exports
- Record demand levels
- Lingering warm weather

**Bearish Factors**

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



**Next Day On-Peak Power (traded for 10/3/2019)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$24.60 | <b>MISO Indiana Hub</b><br>\$38.50 | <b>NYISO Zone G</b><br>\$20.50 |
| <b>PJM West Hub</b><br>\$39.10    | <b>ERCOT North</b><br>\$112.47     | <b>CAISO SP15</b><br>\$30.21   |
| <b>NYMEX NG</b>                   | <b>Close</b>                       | <b>Change</b>                  |
| Nov-19                            | 2.247                              | -0.036                         |
| Dec-19                            | 2.451                              | -0.029                         |
| 12 Month                          | 2.386                              | -0.018                         |
| Cal 20                            | 2.417                              | -0.014                         |
| Cal 21                            | 2.452                              | -0.006                         |

**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>                      | 3,205            | 3,103            | 2,761            | 3,252              |
| <b>Diff v. Current</b>            |                  | 102              | 444              | -47                |
| <b>% Diff</b>                     |                  |                  | 16.1%            | -1.4%              |

