

Early Morning Update

The Nov19 natural gas contract is trading down \$0.04 at \$2.28. The Nov19 crude oil contract is up \$0.82 at \$53.27.

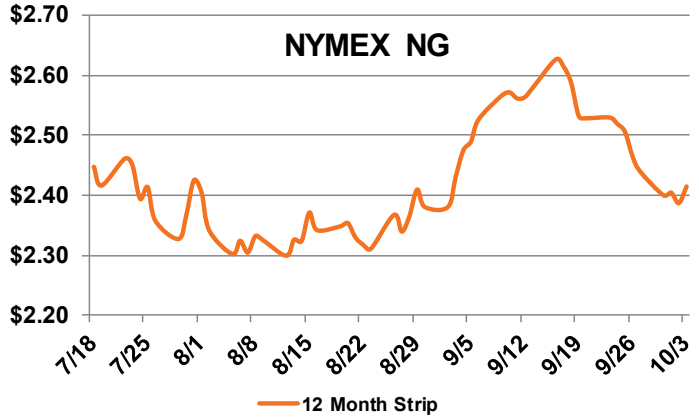
Summary: A larger-than-expected build into storage and the end of above-average temps in the northeast brought..... higher prices. The prompt month rallied despite the news and closed the day up \$.082 to end the day at \$2.329. Basis and power markets in the northeast rallied yesterday as well reflecting ongoing concerns regarding maintenance along the Tetco M3 pipeline. The storage report showing a build of 112 Bcf brought total inventory levels to 3,317 bcf, just 18 Bcf below the 5-year average. It's worth pointing out that the deficit was 565 Bcf in early March. We've eliminated most of the deficit this summer despite very high demand and record exports, reflecting strong domestic production growth. Looking ahead, estimates for the next three builds are +96, +94, +88—all larger than the 5-year average and if actualized, would leave us with a 17 bcf surplus to the 5-year average. End-of-season estimates currently sit at roughly 3.8 Tcf.

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 10/4/2019)

ISO-NE Mass Hub \$23.28	MISO Indiana Hub \$23.65	NYISO Zone G \$22.04
PJM West Hub \$25.95	ERCOT North \$42.00	CAISO SP15 \$28.31
NYMEX NG	Close	Change
Nov-19	2.329	0.082
Dec-19	2.500	0.049
12 Month	2.414	0.028
Cal 20	2.435	0.018
Cal 21	2.455	0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,317	3,205	2,852	3,335
Diff v. Current		112	465	-18
% Diff			16.3%	-0.5%

