

Early Morning Update

The Nov19 natural gas contract is trading down \$0.01 at \$2.28. The Nov19 crude oil contract is up \$0.47 at \$53.10.

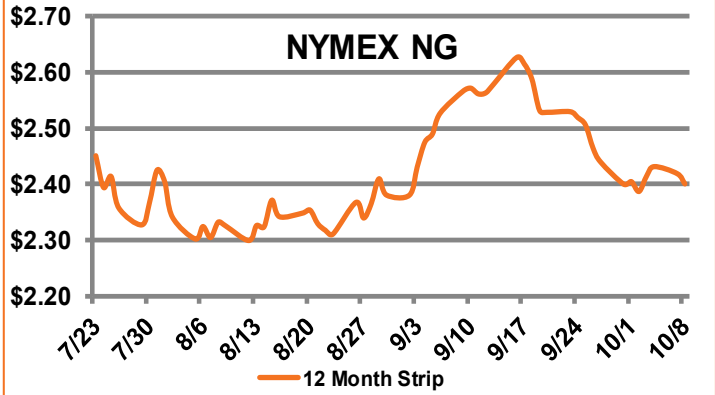
Summary: The Nov19 natural gas prompt month continued to decline on Tuesday, slipping another penny and a half and settling at \$2.888/MMBtu. The bearishness continued through the entire NYMEX curve, with the 2020-2025 calendar strips all dropping about two cents, and 2025 settling at a fresh all-time low at \$2.66. Colder-than-normal temperatures are forecast to spread across the northern tier of the country, from the Great Lakes to the Northwest and down the West Coast in the 6-10 day outlook. Most of the East and South are expected to stay warmer than normal. Any early heating demand would be tempered by strong production, which set a record high of 91.6 Bcf/d on Oct. 4. (The previously reported high of 91.9 Bcf/d on Sep. 29 was revised downward.) Power burns are down 6.4 Bcf/d since last week, as cooler temperatures settle in and natural gas demand ebbs, and are projected to fall another 2.6 Bcf/d over the next two weeks. Pipeline maintenance due to mandatory inspections have pushed Northeast bases prices up, especially for winter, which, in turn have put upward pressure on electric prices. None of the maintenance is expected to extend into winter, provided no major problems are found during the inspections.

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 10/9/2019)

ISO-NE Mass Hub \$23.94	MISO Indiana Hub \$25.24	NYISO Zone G \$21.68
PJM West Hub \$23.79	ERCOT North \$23.18	CAISO SP15 \$35.37
NYMEX NG		Change
Nov-19	2.288	-0.015
Dec-19	2.491	-0.009
12 Month	2.400	-0.018
Cal 20	2.422	-0.021
Cal 21	2.437	-0.021

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%

