

Early Morning Update

The Dec19 natural gas contract is trading up \$0.01 at \$2.87. The Dec19 crude oil contract is down \$0.03 at \$57.20.

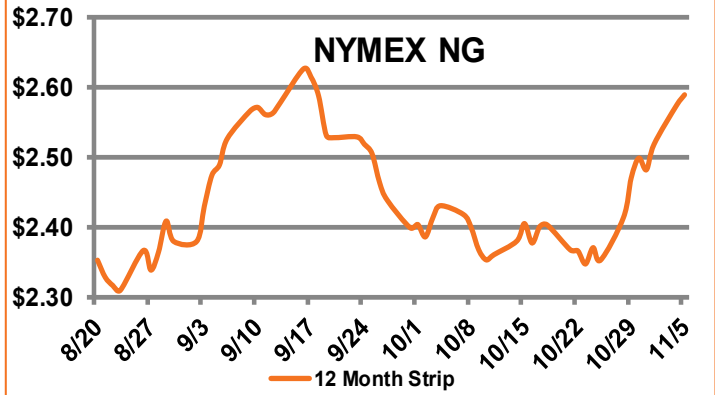
Summary: Another day of upward movement for near-term NYMEX, as the prompt month contract climbed 4.1 cents to close at \$2.862/MMBtu, while the Dec-Mar winter strip gained 3.5 cents to close the day at \$2.853. The below-average temperatures forecasted to envelop much of continent east of the Rockies over the next 20 days has pushed prompt month pricing up 58 cents in just two weeks, and puts current pricing into levels not seen since last March. The upward momentum faded past the winter months, as calendar strip 2020 showed an increase of just a penny to close at \$2.575, and 2021 through 2024 were essentially flat and all below \$2.65. With the 2020 2-week upward movement, calendar strip 2021 is now the best value on the board, holding just under the \$2.50 mark at \$2.49. Natural gas production is down almost 2.0 Bcf/d from the record high this past weekend, but still about 5.0 Bcf/d higher year-over-year. As a result of the early chilly weather, tomorrow's EIA natural gas storage report is expected to show a build of just 42 Bcf, well below last year's 63 Bcf injection and also trailing the 5-year average mark of 57 Bcf.

Bullish Factors

- Record LNG exports
- Growing NG exports to Mexico
- Attention on winter

Bearish Factors

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



Next Day On-Peak Power (traded for 11/6/2019)

ISO-NE Mass Hub \$29.18	MISO Indiana Hub \$29.39	NYISO Zone G \$25.50
PJM West Hub \$33.11	ERCOT North \$25.84	CAISO SP15 \$55.98
NYMEX NG		
	Close	Change
Dec-19	2.862	0.041
Jan-20	2.940	0.042
12 Month	2.589	0.014
Cal 20	2.576	0.011
Cal 21	2.496	0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,695	3,606	3,136	3,643
Diff v. Current		89	559	52
% Diff			17.8%	1.4%

