

Early Morning Update

The Dec19 natural gas contract is trading down \$0.03 at \$2.80. The Dec19 crude oil contract is up \$0.95 at \$57.30.

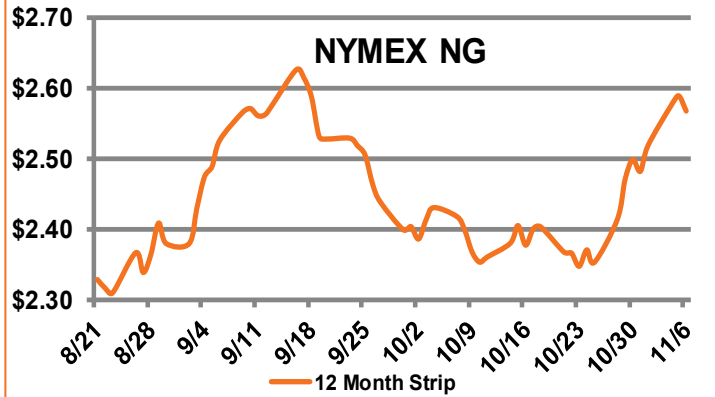
Summary: Despite the recent upward movement we have been seeing in the NYMEX prompt month contract, Dec'19 lost a little more than three cents during yesterday's trading, settling at \$2.828/MMBtu. While this is nearly a 20 cent increase week-over-week, the prompt month is still offering a relatively good value when compared to this time last year, when the prompt month was trading at \$3.555/MMBtu. Cold temperatures in the 1-15 day forecast continue to put upward pressure on the front of the NYMEX curve, but that pressure is mitigated by a strong storage supply as we approach winter. Our high storage levels should help temper the market's reaction to any sustained cold, since we have plenty of supply from which to pull in the face of higher demand for natural gas. The EIA will release their weekly storage report later on today, and market expectations are projecting a below-average storage build of 42 Bcf, due to the early on-set of cold weather during the reporting week. Even if this below-average build actualizes, we are still at a very healthy surplus to last year, as well as the 5-year average.

Bullish Factors

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

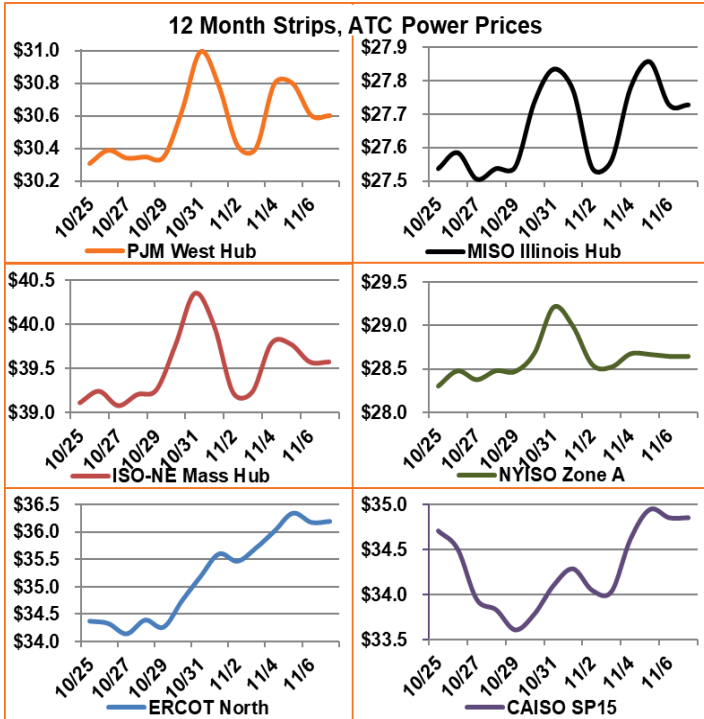
Bearish Factors

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



Next Day On-Peak Power (traded for 11/7/2019)

ISO-NE Mass Hub \$31.71	MISO Indiana Hub \$35.33	NYISO Zone G \$27.89
PJM West Hub \$33.68	ERCOT North \$21.82	CAISO SP15 \$47.11
NYMEX NG	Close	Change
Dec-19	2.828	-0.034
Jan-20	2.907	-0.033
12 Month	2.567	-0.021
Cal 20	2.556	-0.020
Cal 21	2.482	-0.014



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%

