

**Early Morning Update**

The Dec19 natural gas contract is trading down \$0.02 at \$2.61. The Dec19 crude oil contract is up \$0.53 at \$54.71.

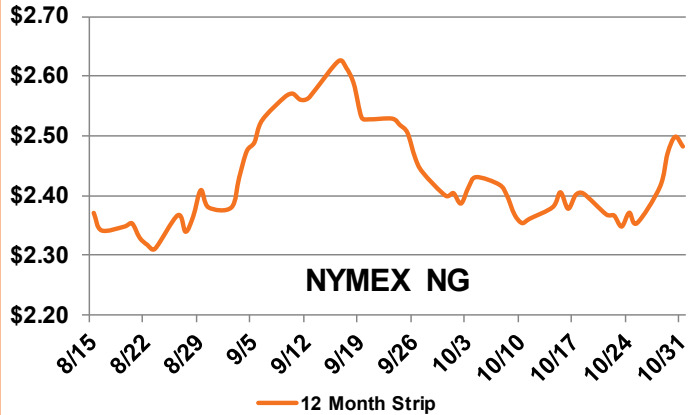
**Summary:** After rallying on Mon, Tue and Wed, the NYMEX NG market saw some relief yesterday as the prompt month traded down \$.058 to close at \$2.633. The prompt month came close to testing the key resistance level of \$2.75, trading as high as \$2.738. If the market had broken above \$2.75, \$3.00 could conceivably be within reach. But the EIA had other ideas as it released a slightly larger-than-expected build into storage of 89 Bcf. Storage is on its way to finishing the injection season at roughly 3.8 Tcf, a far healthier picture than last winter. A healthier reserve of gas in storage will hopefully prevent another spike like last year when we saw the December contract settle at \$4.715, but markets don't always behave rationally and winter still does pose a risk. Winter volatility is on full display now on the basis and power side as markets fell sharply yesterday, after rallying the day prior. The Tetco M3 basis markets remain especially volatile due to continued concerns about maintenance

**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 11/1/2019)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$22.36 | <b>MISO Indiana Hub</b><br>\$28.45 | <b>NYISO Zone G</b><br>\$21.89 |
| <b>PJM West Hub</b><br>\$31.56    | <b>ERCOT North</b><br>\$25.00      | <b>CAISO SP15</b><br>\$35.00   |

| <b>NYMEX NG</b> | <b>Close</b> | <b>Change</b> |
|-----------------|--------------|---------------|
| Dec-19          | 2.633        | -0.058        |
| Jan-20          | 2.732        | -0.049        |
| 12 Month        | 2.482        | -0.016        |
| Cal 20          | 2.484        | -0.011        |
| Cal 21          | 2.470        | 0.001         |

**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>                      | <b>3,695</b>     | <b>3,606</b>     | <b>3,136</b>     | <b>3,643</b>       |
| <b>Diff v. Current</b>            |                  | <b>89</b>        | <b>559</b>       | <b>52</b>          |
| <b>% Diff</b>                     |                  |                  | <b>17.8%</b>     | <b>1.4%</b>        |

