

Early Morning Update:

The Nov17 natural gas contract is trading down \$0.04 at \$2.88.
The Dec17 crude contract is down \$0.03 at \$52.15.

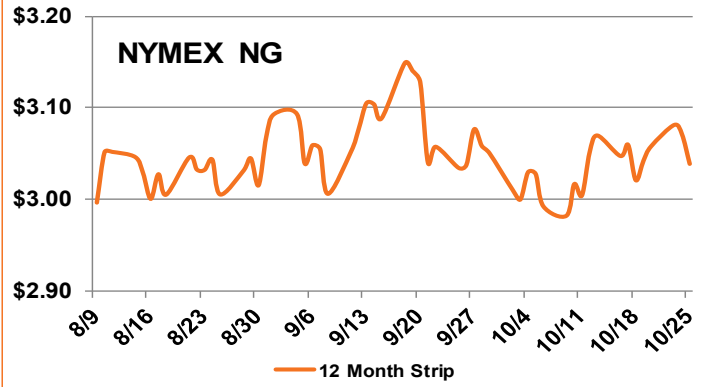
Summary: The natural gas market drifted lower in trading on Wednesday to close down five and a half cents at \$2.919/MMBtu. Though near term weather forecasts have been trending cooler, current models indicate less HDD's for the Oct/Nov period than the 30-year normal, providing little momentum to push prices above resistance at \$3.00. LNG exports have been steady at ~3.0 Bcf/d over the last week, with the fourth train at Sabine Pass now online. Dominion Energy expects to have Cove Point LNG in Maryland online by the end of the year, which is likely to increase LNG exports by an additional 0.7 Bcf/d. Calendar 2018 prices remain elevated near \$3.06, and the further out calendar strips have found support above \$2.85. The market is expecting an injection into storage in the neighborhood of 67 Bcf when the EIA releases their weekly storage report later this morning, which is below, both, last year's injection of 74 Bcf and the 75 Bcf five-year average.

Bullish Factors

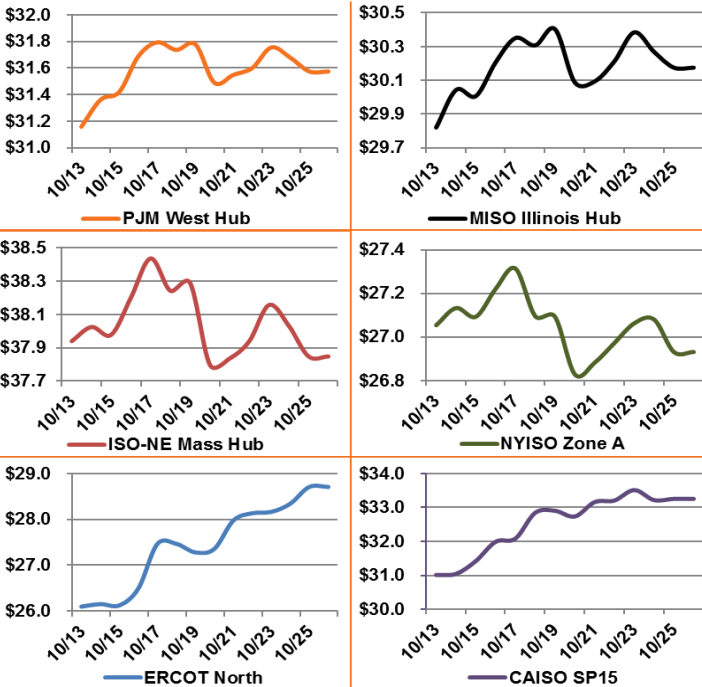
- Rising NG production costs
- Exports to Mexico at record high
- Attention turning toward winter

Bearish Factors

- Power burn down year-over-year
- Increased renewable energy generation
- NG production at record levels



12 Month Strips, ATC Power Prices



Next Day On-Peak Power (traded for 10/26/2017)

ISO-NE Mass Hub \$41.06	MISO Indiana Hub \$32.25	NYISO Zone G \$33.44
PJM West Hub \$30.42	ERCOT North \$22.25	CAISO SP15 \$58.19
NYMEX NG	Close	Change
Nov-17	2.919	-0.055
Dec-17	3.082	-0.053
12 Month	3.039	-0.032
Cal 18	3.060	-0.026
Cal 19	2.909	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,646	3,595	3,825	3,681
Diff v. Current		51	-179	-35
% Diff			-4.7%	-1.0%

