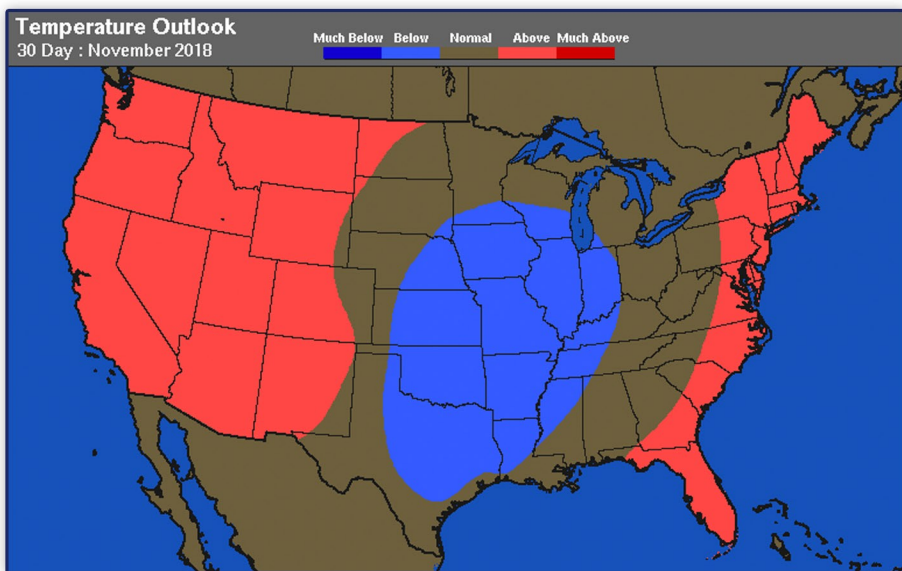


### Market Summary

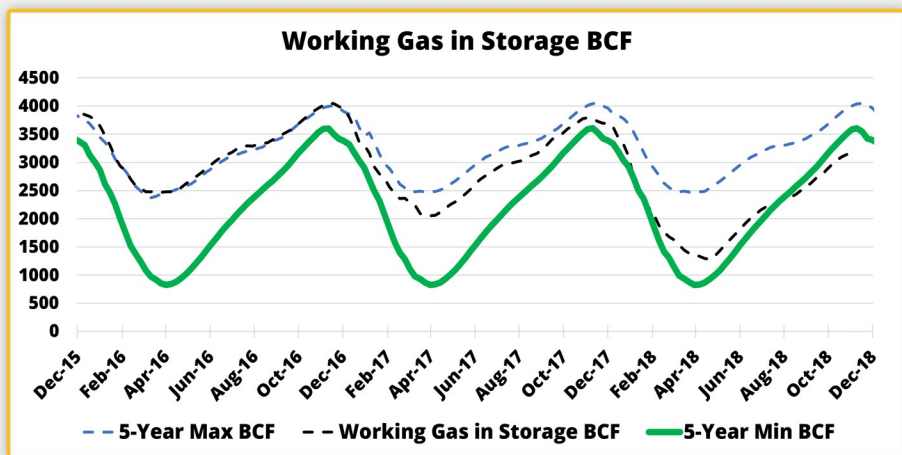
Despite low storage levels, the EIA expects strong growth in U.S. natural gas production to put downward pressure on prices in 2019. Meanwhile, a warm winter forecast through the New Year is keeping price hikes at bay in the short term.

## Weather



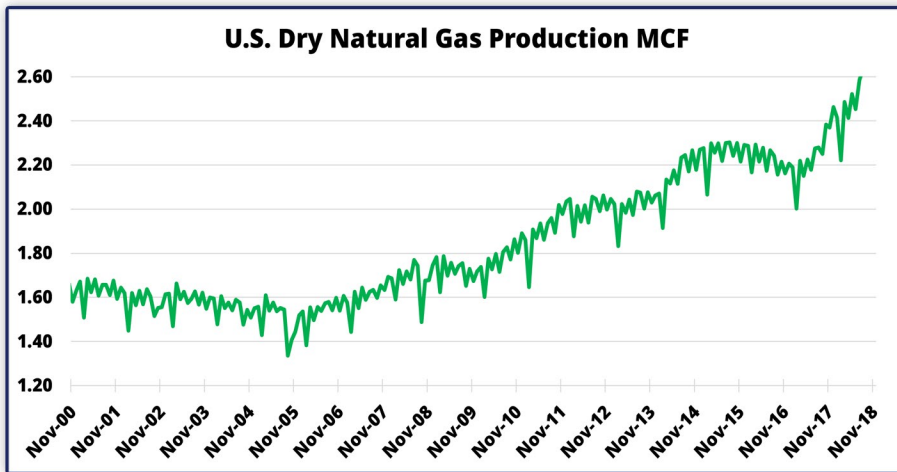
- Mild forecast for the coming weeks with low heating demand nationwide despite several cold snaps in midwest and northeast – causing futures prices to fall.
- Intellicast’s 90-day temperature departure shows above-average winter weather through January 2019.

## Storage



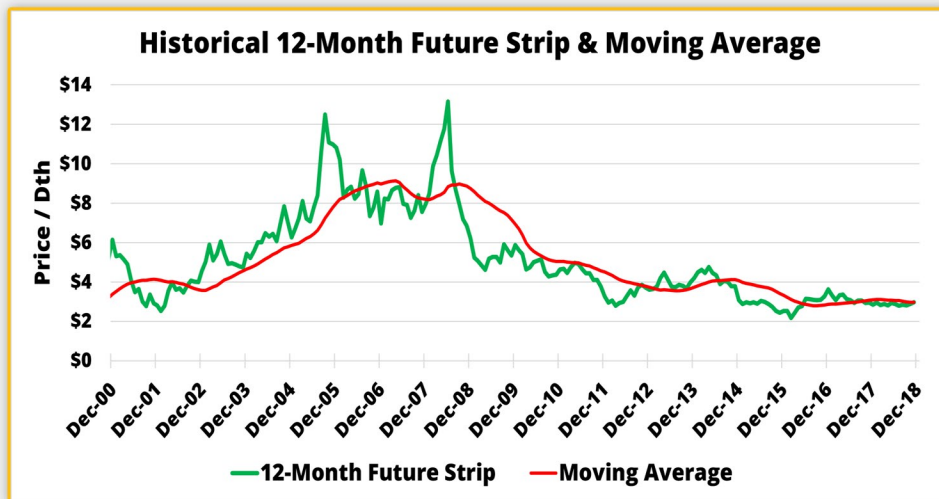
- Beginning of October saw storage at 17% under five-year average and 18% below year-ago figures.
- End of October storage levels were at a 10-year low, with Canadian imports that usually offset low storage numbers gone because of a major pipeline rupture.

# Production



- Late October weekend production hit another all-time high of 87 Bcf/day.
- Next year's prices (2019) are forecasted at \$3.15 amid high production growth.
- Increased production may be offset by hot summer weather, LNG demand, Mexican exports, and industrial demand.

# Pricing



# Bidweek

Month	12-Month Strip	NYMEX
Jan. '18	\$2.765	\$2.738
Feb. '18	\$2.864	\$3.631
Mar. '18	\$2.870	\$2.639
Apr. '18	\$2.851	\$2.691
May '18	\$2.765	\$2.821
Jun. '18	\$2.885	\$2.875
Jul. '18	\$2.818	\$2.996
Aug. '18	\$2.791	\$2.822
Sep. '18	\$2.722	\$2.900
Oct. '18	\$2.898	\$3.020
<b>Nov. '18</b>	<b>\$2.953</b>	<b>\$3.190</b>

Wholesale Prices per Mmbtu

# Noteworthy

- China on pace to become top gas importer in 2018, overtaking Japan and South Korea with sharp rise in demand – prices hitting \$11 to \$12 per MMBTU. The continued export situation should get interesting as the trade war rages on.
- The Asian export opportunity is creating a large wave of LNG projects, with \$40.5 billion in projects under construction and another \$52 billion announced but not approved.
- Carbon dioxide emissions from electric generation hit their lowest level since 1987 last year; however, the decline is not due to fuel switching or renewables. Rather, more than half of the decline has occurred because of a reduction in industrial demand for electricity. Demand has decreased in 6 of the past 10 years
- New study shows natural gas, solar, and wind are the cheapest ways to generate electric power when comparing the levelized cost of electricity, outweighing coal and nuclear.