

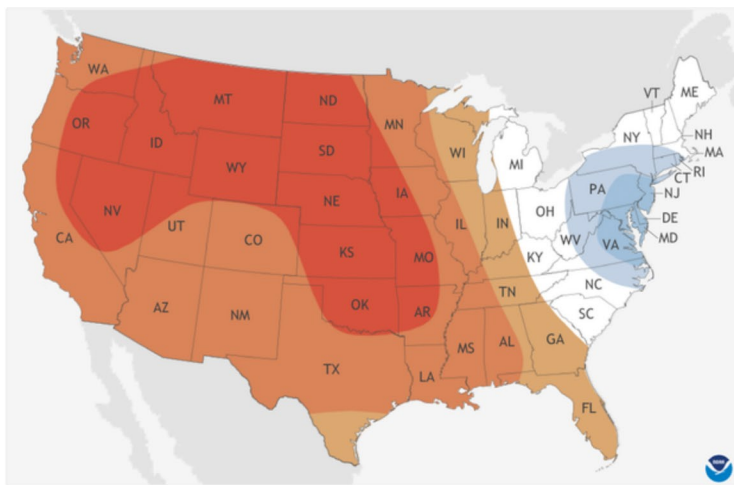
### MARKET SUMMARY

#### BIGGEST FACTORS: STORAGE & PRODUCTION

Strong storage injections reflect waning shoulder season demand, robust production levels, and added domestic supply benefit from the protracted Freeport LNG outage in June.

#### WEATHER (BEARISH)

**TAKEAWAY** - Drought conditions are present across ~59% of the country, but parts of the Western U.S and southern Great Plains will continue to be the hardest hit this fall/winter.



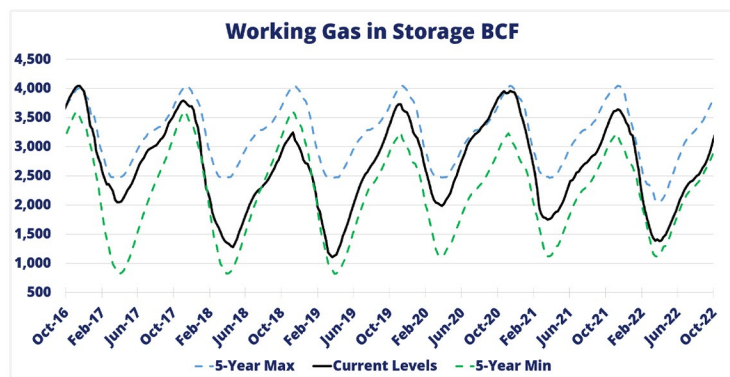
Source: National Oceanic & Atmospheric Administration (NOAA)

Plummeting October futures prices reflect a market in the process of reassessing winter risks amid a combination of surging production, warm weather, and rising gas inventories.

This year La Niña returns for the third consecutive winter, driving warm temperatures for the Southwest, Gulf Coast, and eastern seaboard.

#### STORAGE (BEARISH/NEUTRAL)

**TAKEAWAY** - Natural gas futures fell to their lowest since March after numerous larger-than-expected storage builds in October.



Source: EIA

Working gas in storage was 3,342 Bcf as of October 14. Stocks were

#### PROCUREMENT TAKEAWAY

Late October has presented a narrow window for hedging opportunities through winter uncertainty. Customers that have been on the fence should capitalize on the depressed prices quickly.

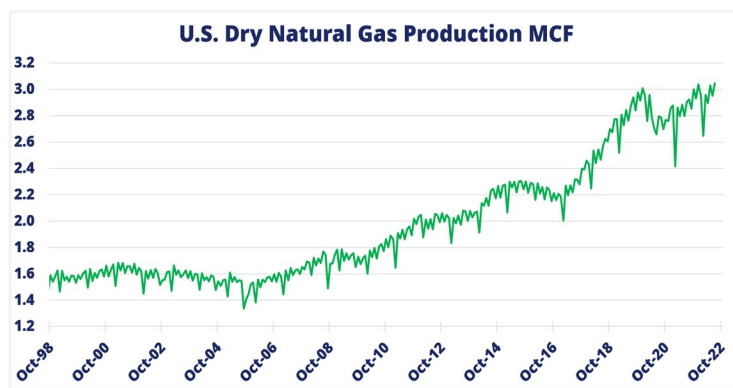
#### STORAGE (CONTINUED)

below the five-year average but within the five-year historical range.

October 14 marked the fifth consecutive triple-digit storage injection and continued an autumn trend of narrowing deficits to historic averages.

#### PRODUCTION (BEARISH)

**TAKEAWAY** - After months of extreme European demand and regulatory limits on flaring, U.S. natural gas production reached an all-time high.



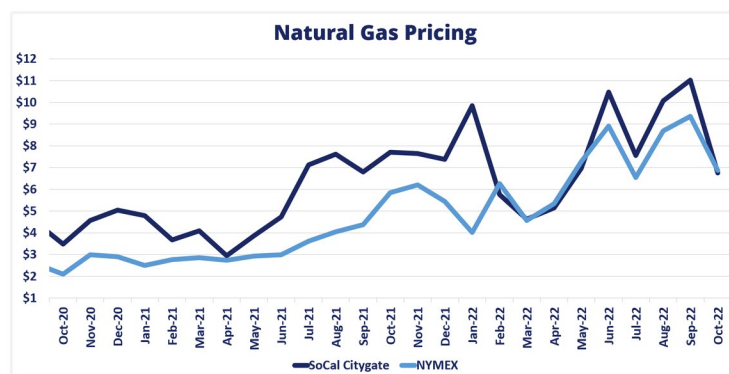
Source: EIA

In late October, natural gas prices in West Texas plunged toward zero as booming production overwhelmed pipeline networks.

After a surge of LNG demand in Europe, vessels are now loitering off the coast waiting for slots at crowded terminals to unload their cargoes.

#### PRICING

**TAKEAWAY** - U.S. natural gas futures fell almost 60% in October compared to their September peaks.



Source: EIA

