

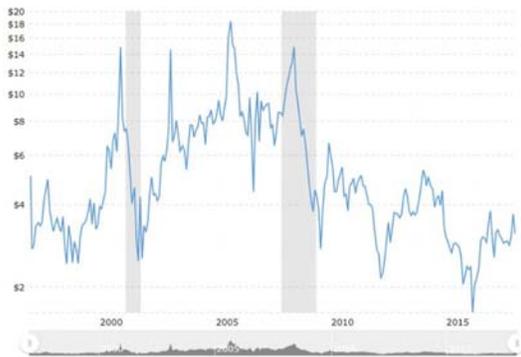


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 63Bcf (billion cubic feet) into Underground Storage for the week ending August 31st, 2018.

This is 1Bcf above the median forecast of a 62Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 65Bcf and the 5-year average injection is 65Bcf. Storage is 643Bcf **below last year** for the same week and 590Bcf **below the 5-year average**. Working gas in storage stands at 2,568Bcf.

[Read More](#)



Natural Gas Pricing

As of 10:28AM CST, October 2018, (the prompt month) Natural Gas was trading at \$2.78, -\$0.07 from one week ago and the 1-Year Spread average was \$2.74, -\$0.07 from one week ago.

Crude Oil Pricing

As of 9:40AM CST, October, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$68.72**, **-\$0.94** from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1:COM WTI Crude Oil (Nymex)	USD/bbl	68.72	-0.00	0.00%	Oct 2018	10:40 AM	
CO1:COM Brent Crude (ICE)	USD/bbl	77.45	+0.38	+0.23%	Nov 2018	10:40 AM	
CP1:COM Crude Oil (Tokyo)	JPY/NI	50,150.00	-70.00	-0.14%	Feb 2019	10:45 AM	
NG1:COM Natural Gas (Nymex)	USD/MMBtu	2.78	-0.02	-0.64%	Oct 2018	10:40 AM	

U.S. Petroleum Balance Sheet, Week Ending 8/31/2018

Petroleum Stocks (Million Barrels)	Current Week	8/24/18
	8/31/18	
Crude Oil	1,061.5	1,065.8
Commercial (Excluding SPR) ¹	401.5	405.8
Strategic Petroleum Reserve (SPR) ²	660.0	660.0
Total Motor Gasoline ³	234.6	232.8
Reformulated	0.0	0.0
Conventional	23.0	22.3
Blending Components	211.6	210.4
Fuel Ethanol	22.7	23.1
Kerosene-Type Jet Fuel	42.0	41.3
Distillate Fuel Oil ³	133.1	130.0
15 ppm sulfur and Under ³	120.3	117.3
> 15 ppm to 500 ppm sulfur	4.6	4.6
> 500 ppm sulfur	8.3	8.1
Residual Fuel Oil	27.8	28.1
Propane/Propylene	73.4	71.4
Other Oils ⁴	291.5	290.6
Unfinished Oils	87.7	88.1
Total Stocks (Including SPR) ^{2,3}	1,886.6	1,883.1
Total Stocks (Excluding SPR) ³	1,226.6	1,223.1

Crude Oil Inventory

US crude inventories decreased by **4.3 million barrels** to 401.5 million barrels for the week ended August 31st, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a drop of 1.3 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +2 at 184 for the week of August 31st. The number of rigs currently drilling for Natural Gas was 1 higher than last year's level of 103. US Rigs drilling for oil were +2 at 862. There are 103 more rigs targeting oil than last year. Canadian rigs were -1 at 228 for the week. Rigs targeting oil remain 82% of all US drilling activity.

North American Rig Count				Change		Percent Change	
	08/31/2018	08/24/2018	09/01/2017	Weekly	Annual	Weekly	Annual
Total U.S.	1,048	1,044	943	4	105	0.4%	11.1%
Offshore	18	18	16	0	2	0.0%	12.5%
Land	1,030	1,026	927	4	103	0.4%	11.1%
Inland Waters	2	1	4	1	(2)	100.0%	-50.0%
Oil	862	860	759	2	103	0.2%	13.6%
Percent	82.3%	82.4%	80.5%	-0.1%	1.8%		
Gas	184	182	183	2	1	1.1%	0.5%
Percent	17.6%	17.4%	19.4%	0.1%	-1.8%		
Directional	65	62	81	3	-16	4.8%	-19.8%
Horizontal	917	919	794	-2	123	-0.2%	15.5%
Vertical	66	63	68	3	-2	4.8%	-2.9%
Gulf of Mexico	16	16	16	0	0	0.0%	0.0%
Gulf Oil	14	14	14	0	0	0.0%	0.0%
Percent	87.5%	87.5%	87.5%	0.0%	0.0%		
Gulf Gas	2	2	2	0	0	0.0%	0.0%
Percent	12.5%	12.5%	12.5%	0.0%	0.0%		
Canada	228	229	201	(1)	27	-0.4%	13.4%
Oil	151	153	102	(2)	49	-1.3%	48.0%
Percent	66.2%	66.8%	50.7%	-0.6%	15.5%		
Gas	77	76	99	1	(22)	1.3%	-22.2%
Percent	33.8%	33.2%	49.3%	0.6%	-15.5%		
North America	1,276	1,273	1,144	3	132	0.2%	11.5%
Prices							
Oil \$/bbl	\$69.29	\$67.35	\$46.69	\$1.94	\$22.60	2.9%	48.4%
Oil \$/mmbtu	\$11.95	\$11.61	\$8.05	\$0.33	\$3.90	2.9%	48.4%
Gas \$/mmbtu	\$2.94	\$2.98	\$2.89 (\$0.05)	\$0.04		-1.6%	1.6%



Geopolitical

U.S. energy operations begin recovering after Storm Gordon: HOUSTON (Reuters) Energy companies and port operators along the U.S. Gulf Coast took steps on Wednesday to resume operations after Tropical Storm Gordon shut more than 9 percent of the region's oil and gas output.

Gordon never became a hurricane as forecast and weakened into a depression on Wednesday, just hours after making landfall near the Alabama-Mississippi border, helping to keep production and refining

Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for the Eastern and Western states, with the exception of Florida, and the Central states. Below-normal and normal temps are forecast for the center of the US. The 6-10 Day Outlook shows above-normal temps most of the US, with below-normal temps in the Northwest and normal temps for the Southern states.

11-15 Day Outlook shows a similar picture with expanded high temperatures for much of the

operations running unimpeded at most energy facilities in the Gulf and along the Louisiana coast.

Coast Guard inspectors flew over ports in Mississippi and Alabama to evaluate the facilities, which remained closed on Wednesday morning to most traffic, Petty Officer 3rd Class Alexandria Preston said. In New Orleans, pilots began moving cargo ships through the mouth of the Mississippi River after the storm, said Matt Gresham, a spokesman for the Port of New Orleans. "We had no impacts from the storm and operations resumed as normal this morning," said Gresham...

country. The 30-day Outlook projects normal temps for most of the US with the exception of Maine and part of the Northwest, which are expected to be at above-normal temperatures.

The 90-Day Outlook shows a similar picture. Hurricane Florence, with sustained winds of 100mph is in the middle of the Atlantic, heading towards the US. Given it's current trajectory, it should make landfall in the Carolinas, creating demand destruction, unlike Hurricane Gordon. Gordon did not form until it was off the coast of Florida and interrupted flow of both Natural Gas and Crude from the Gulf of Mexico.



Sustainability and Renewables

Let the Sun Shine In: Where Is Solar Power Headed? *The Solar Energy Industries Association, the national trade association for the U.S. solar industry, reports that solar power has grown in the U.S. at a compounded annual rate of 59% since the solar investment tax credit was implemented in 2006. However, tariffs on certain products, including solar panels, could throw a wrench into solar power's future prospects.*

Roosevelt Island, a sliver of land in the East River next to Manhattan, is the home of Cornell Tech, an



This Week's Key Take-Away

NYMEX Natural Gas futures should continue to trade within a narrow bandwidth this week, as the rig count rose by 2 and storage was only 1Bcf above prediction. Moderate weather has sent the prompt month below \$2.80, which had been a spot of resistance in past weeks.

Additionally, generation damage caused by Hurricane Gordon has been almost completely cleaned up and Hurricane Florence could create demand destruction, culminating in lower prices, if there is any movement. Of course, this presupposes that there are no

engineering campus of Cornell University that opened in September 2017. Its academic hub, the **Emma and Georgina Bloomberg Center**, was built with innovative architectural designs that feature many sustainable technologies, including solar power (Figure 1). Their electricity bill is \$0, thanks to the solar panels high atop the roof that generate enough power to sustain the large and architecturally significant building.

serious fundamental changes to weather or geopolitical issues over the next week.

The capacity issue in Texas due to coal-fed electric generators seems to have abated; this morning, the Spot market for Next Day On-Peak Power was the lowest in the country at \$33.54 (see chart below). The Mass Hub continues to be plagued by transportation issues, as new pipelines are hampered by cramped space.

Next Day On-Peak Power (traded for 9/6/2018)		
ISO-NE Mass Hub \$63.85	MISO Indiana Hub \$33.60	NYISO Zone G \$47.94
PJM West Hub \$43.04	ERCOT North \$33.54	CAISO SP15 \$45.18



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