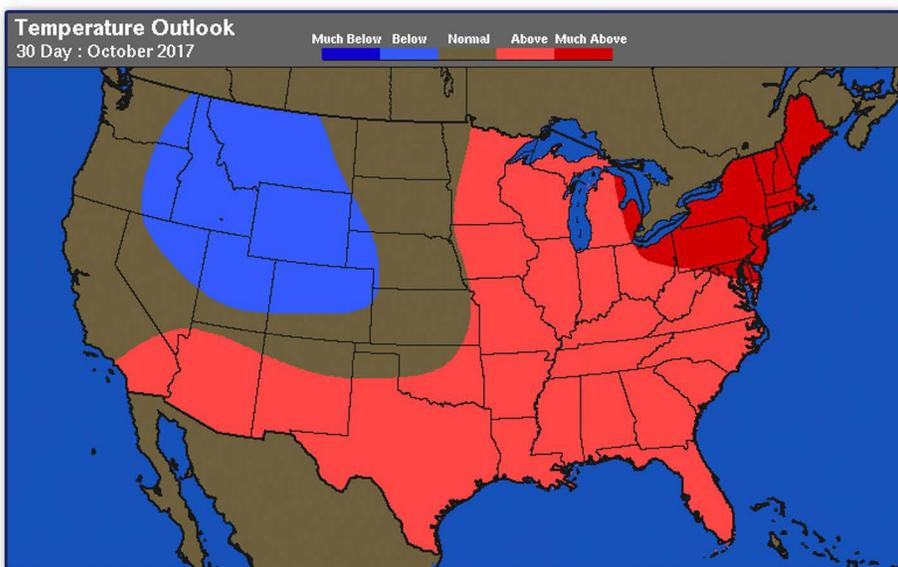


### Market Summary

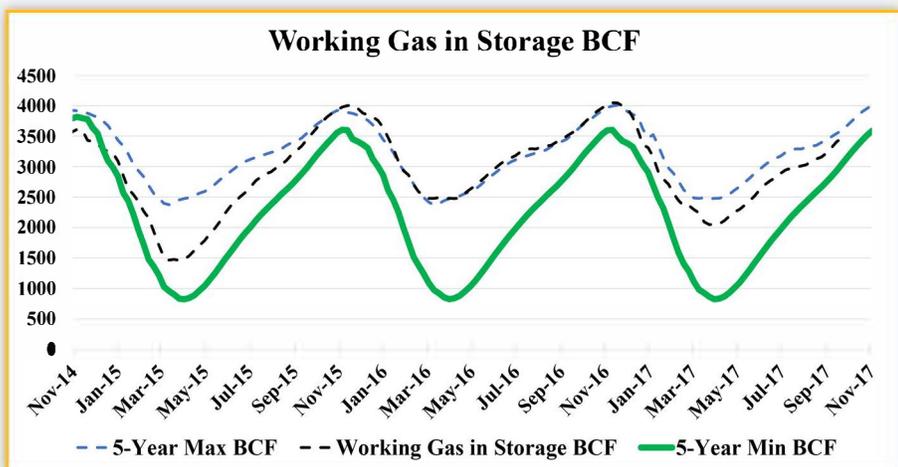
In the short term, current weather conditions, ample storage, and ongoing increases in production efficiencies are keeping prices down. However, long term outlooks see increased exports and prices going up. A 50-60% chance of La Niña hitting this winter could quickly change things.

## Weather



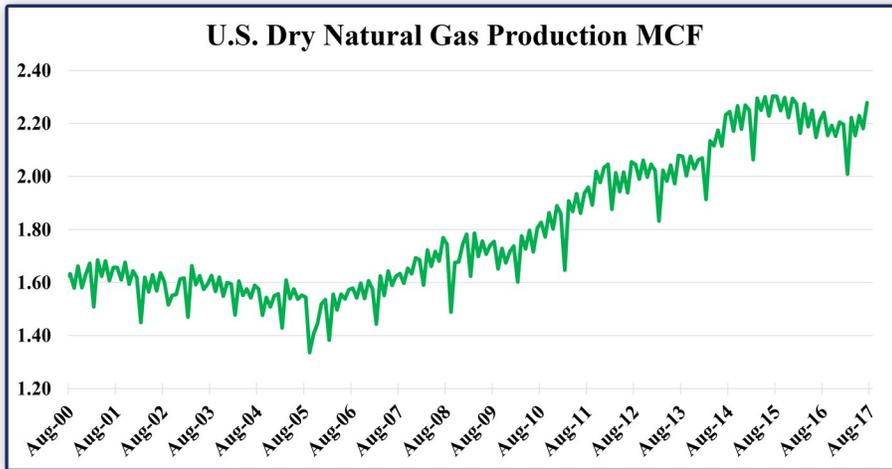
- Historic hurricane weather caused price fluctuations as expected but nothing compared to Hurricane Katrina when prices hit \$13.50/Dth – shows surplus of gas and stability of shale plays no longer dependent on gulf production.
- Last 2 weeks in September were so warm that it will be 5th warmest September since 2000.
- Chances of La Niña occurring in winter of 2017-2018 at 55-60% - could bring extreme cold to the United States. Producers and marketers are pushing for a cold winter - one that hasn't come the past 2 winters.

## Storage



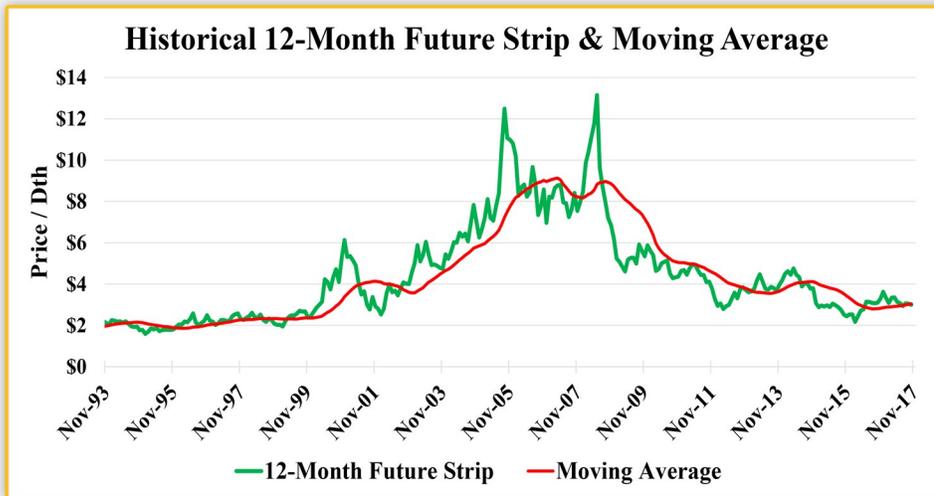
- Mid-September storage numbers looking to exit the season as almost full, possibly full, depending on October/ November weather.
- Early October had a smaller than expected increase. However, unfavorable weather forecasts and production strengths induced a drop in prices.
- Working gas stocks total 3,466 Bcf, which is 41 Bcf more than the five-year average and 127 Bcf less than last year at this time.

# Production



- Production set to increase 1-2% per year in the coming decades. It will surge to 85 Bcf/d in 2020 and onto more than 100 Bcf/d by 2035.

# Pricing



# Bidweek

Month	SCG	NYMEX
Jan.	\$3.92	\$3.930
Feb.	\$3.53	\$3.391
Mar.	\$2.70	\$2.627
Apr.	\$3.04	\$3.175
May	\$3.06	\$3.142
Jun.	\$3.29	\$3.236
Jul.	\$3.19	\$3.067
Aug.	\$3.21	\$2.969
Sep.	\$3.24	\$2.961
<b>Oct.</b>	<b>\$2.96</b>	<b>\$2.974</b>

Prices per Mmbtu.

# Noteworthy

- Growing natural gas share of electricity production has been the largest driver of declining United States carbon dioxide emissions – declining 14% since 2005.