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**From:** Jackson Mueller [mailto:jwmueller@attglobal.net]

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**Subject:** Midday Market Report

Coming off Tuesday's 38.1-cents election-day rally and in line with a heavy late morning sell-off across the broader energy complex, NYMEX December natural gas futures are lower following a brief pop onto the positive side of the ledger at midmorning. Spanning a \$7.082 to \$7.347 spread overnight and a \$7.130 to \$7.30 range in open outcry, December natural gas traded last at \$7.156, down 6.3 cents or 0.8 percent, trading off Tuesday's \$7.360 one-month spot high.

The natural gas market was under pressure overnight and shortly after the opening bell today amid a downslide by the petroleum complex sparked by renewed strength in the U.S. dollar, weakness in equities markets and ongoing worries that an economic slowdown will dent energy demand. The Dow Jones Industrial Average Index is currently trading down.

Under pressure with the weaker financial market, December crude futures were down \$5.13 or 7.3 percent to \$65.40, with nearby delivery heating oil down 11.99 cents or 5.6 percent to \$2.0417/gal, and December RBOB down 10.13 cents or 6.6 percent to \$1.4314/gal, with a neutral to bearish inventory report released at midmorning by the Energy Information Administration keeping pressuring on the oils. The EIA reported no change in crude stocks, a 1.2-million barrel build in distillates and a 1.1-million barrel increase in gasoline stocks for the week ending October 31.

Gas storage is expected to maintain its above-average rebuilding pace this week, with the latest data due out tomorrow from the EIA (covering the week ending October 31) expected to offer a sixth bearish net injection to maintain a healthy pace towards pre-winter inventories. Most forecasts for the Weekly Natural Gas Storage Report point to a build in the mid 30s Bcf, (with some projections falling as low as the teens) slightly higher than the 31-Bcf five-year average for this week but 10 Bcf below the 45-Bcf build reported in the same week last year. Assuming a build of 35 Bcf, total stocks would approach 3.43 Tcf, about 100 Bcf above the five-year average but still 107 Bcf shy of last year's record high levels, which were already over 3.5 Tcf at this point.

In the physical natural gas market, cash values continued their advance during the midweek session, with gains driven by Tuesday's NYMEX futures rally as well as forecasts for colder weather over the next few days that is seen sparking increased heating demand.