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***Week Ending June 1, 2018***

**Please contact me to review a joint RBN Energy daily publication detailing natural gas fundamentals.**

**Price Action:** The July contract fell 0.1 cents (0.0%) to \$2.962 on a 13.6 cent range (\$3.000/\$2.864).

**Price Outlook:** Prices were little changed as weather forecasts remain very bullish and a much lower than expected weekly storage injection. However, physical pipeline data suggests increasing storage injections and the potential for moderating temperatures at the end of the forecast. Although US production remains a well known bearish factor, early summer heat is increasing demand and it is possible the recent +106 bcf injection is the largest injections witnessed. If that proves true, prices are expected to remain well supported. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** The current weather forecast is now warmer than 9 of the last 10 years. Pipeline data indicates total flows to Cheniere's export facility were at 2.2 bcf. Cove Point is net exporting 0.6 bcf. Our weekly special topics report details numerous natural gas fundamental factors.

**Weekly Storage:** US working gas storage for the week ending May 25 indicated an injection of +96 bcf. Working gas inventories rose to 1,725 bcf. Current inventories fall (800) bcf (-31.7%) below last year and fall (486) bcf (-22.0%) below the 5-year average.

**Storage Outlook:** Our EIA weekly storage estimate was (9) bcf from the actual EIA implied flow and was outside our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

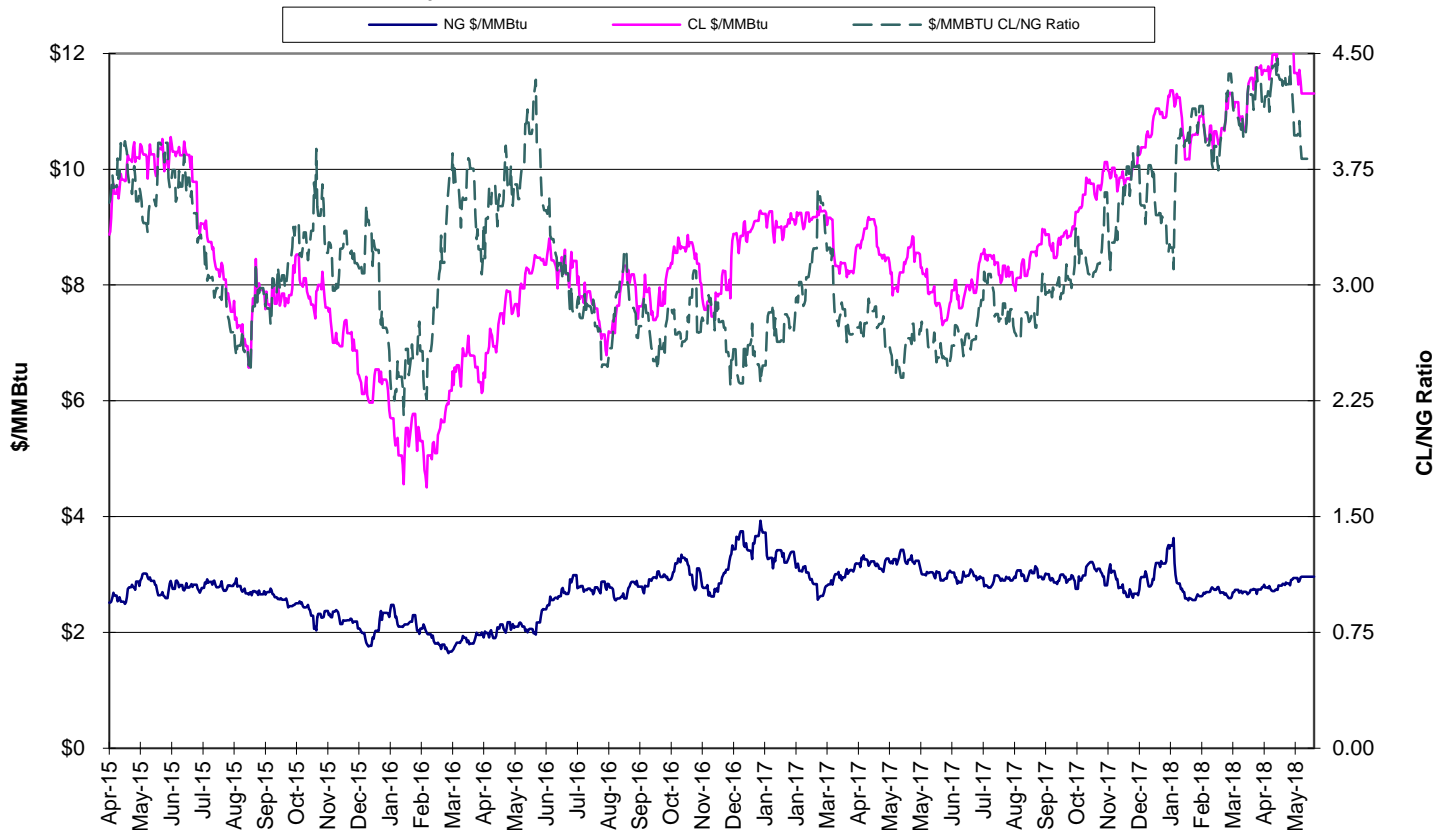
**Supply Trends:** Total supply rose 1.4 bcf/d to 78.7 bcf/d. US production rose. Canadian imports rose. LNG imports exports fell. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count rose +1. Oil activity increased +2. Natural gas activity decreased (1). The total US rig count now stands at 1,060. The Canadian rig count rose +18 to 99. Thus, the total North American rig count rose +19 to 1,159 and now exceeds last year by +144. **The higher efficiency US horizontal rig count rose +3 to 929 and rises +158 above last year.**

**Demand Trends:** Total demand fell (0.5) bcf/d to +64.6 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +1,532 gigawatt-hrs to 77,681 which exceeds last year by +5,109 (7.0%) and exceeds the 5-year average by 3,594 (4.9%).

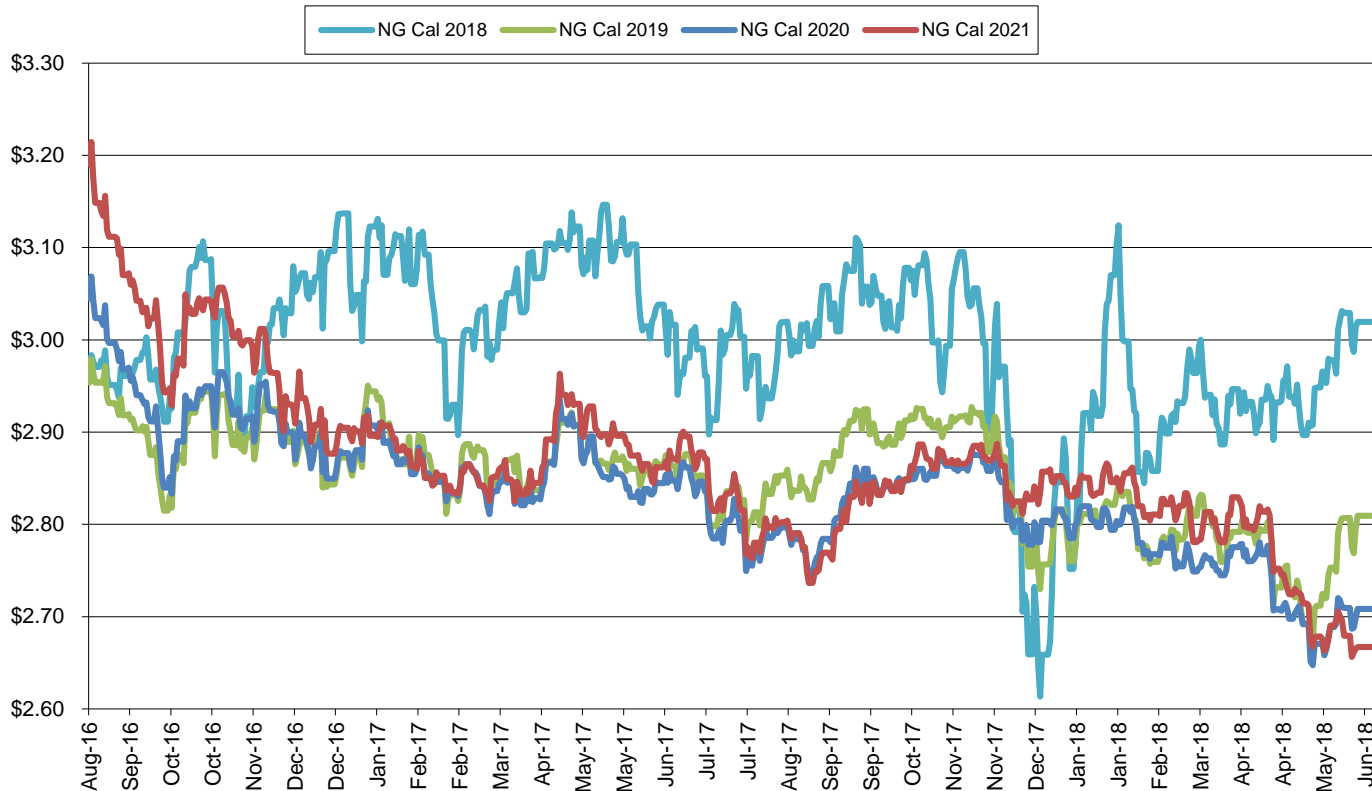
**Nuclear Generation:** Nuclear generation rose 2,536 MW in the reference week to 90,301 MW. This is +9,120 MW higher than last year and +4,917 MW higher than the 5-year average. **Recent output was at 94,312 MW.**

- The cooling season is beginning. With a forecast through June 15 the 2018 total cooling index is at 734 compared to 557 for 2017, 540 for 2016, 310 for 2015, 456 for 2014, 529 for 2013, 573 for 2012 and 775 for 2011.

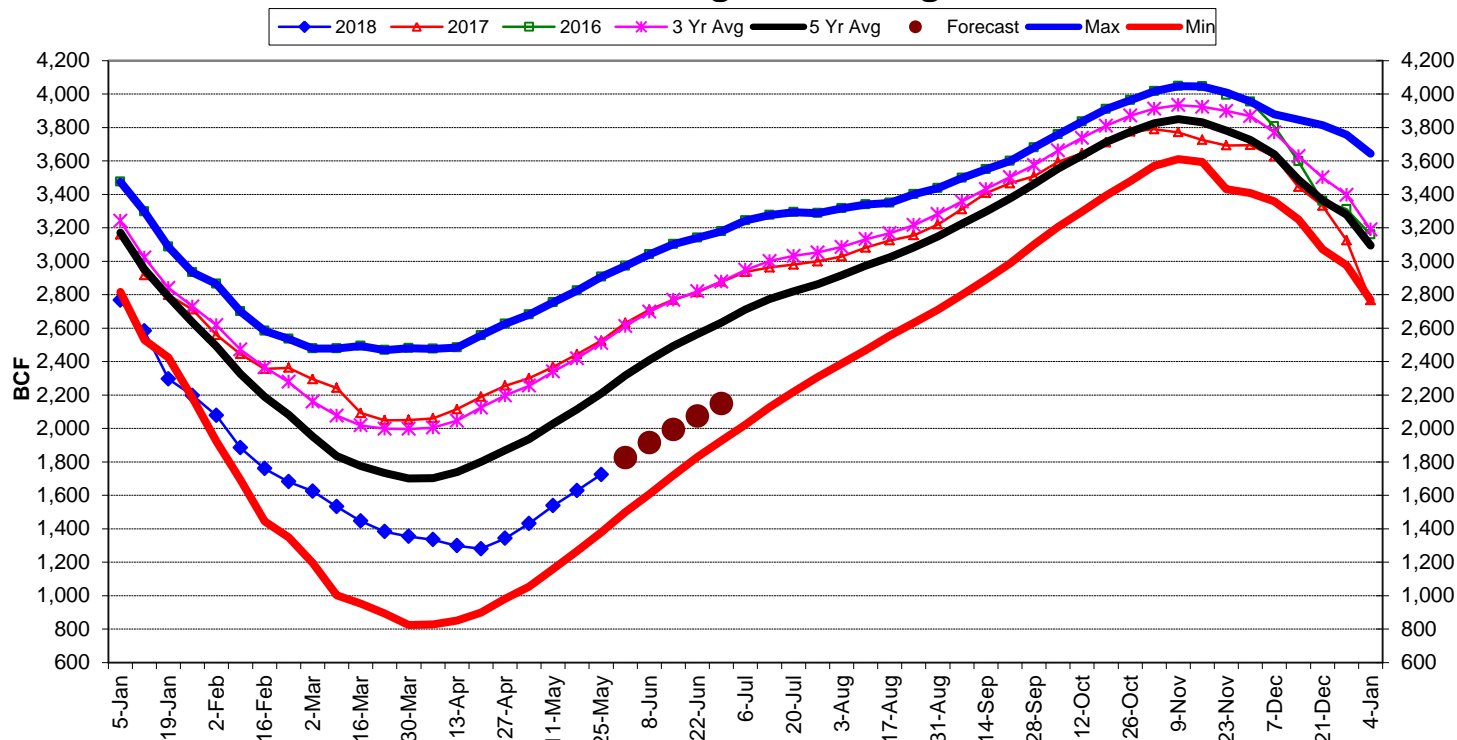
## \$/MMBtu Ratio of NYMEX CL and NG



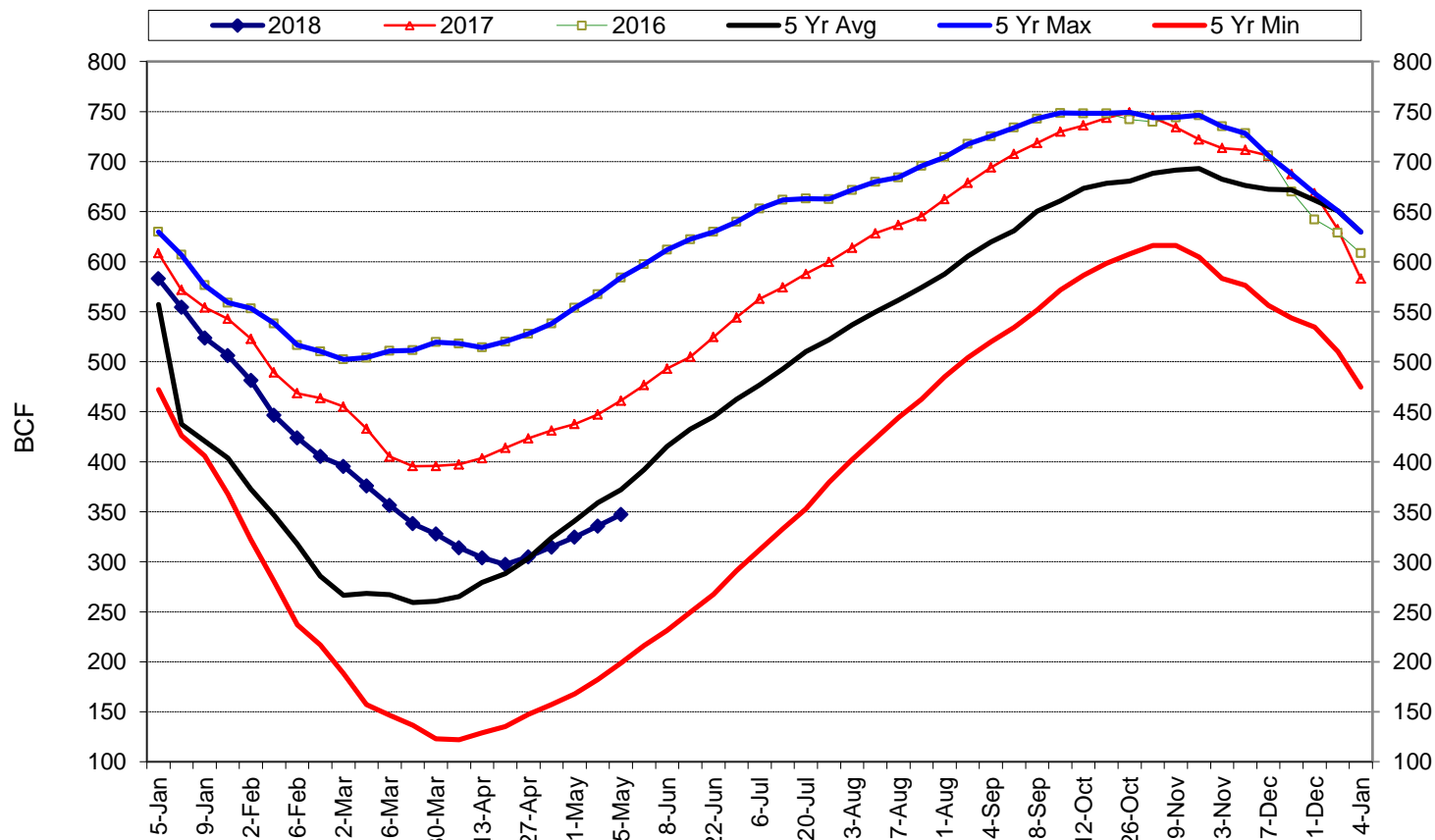
## NYMEX Calendar Strips



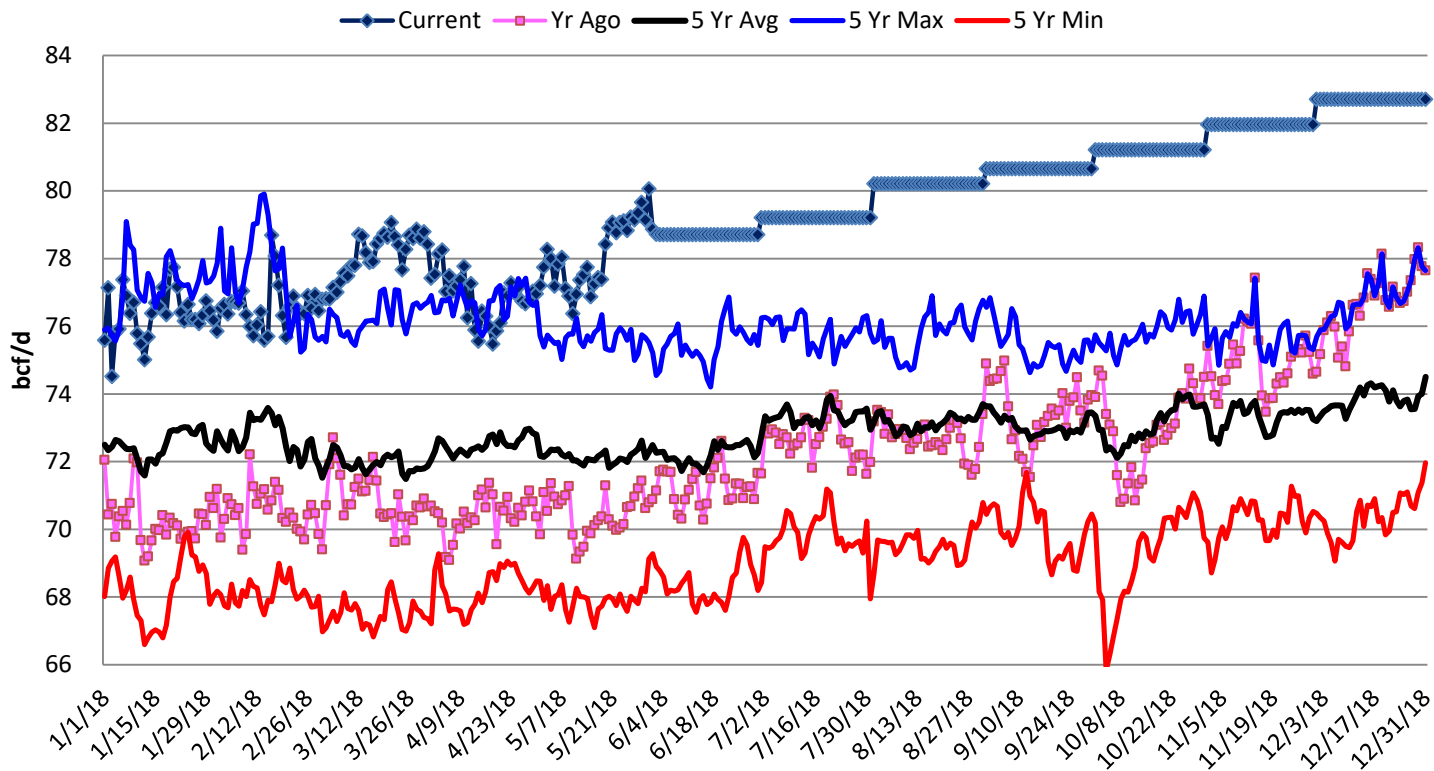
## US Total Working Gas Storage - Source - EIA



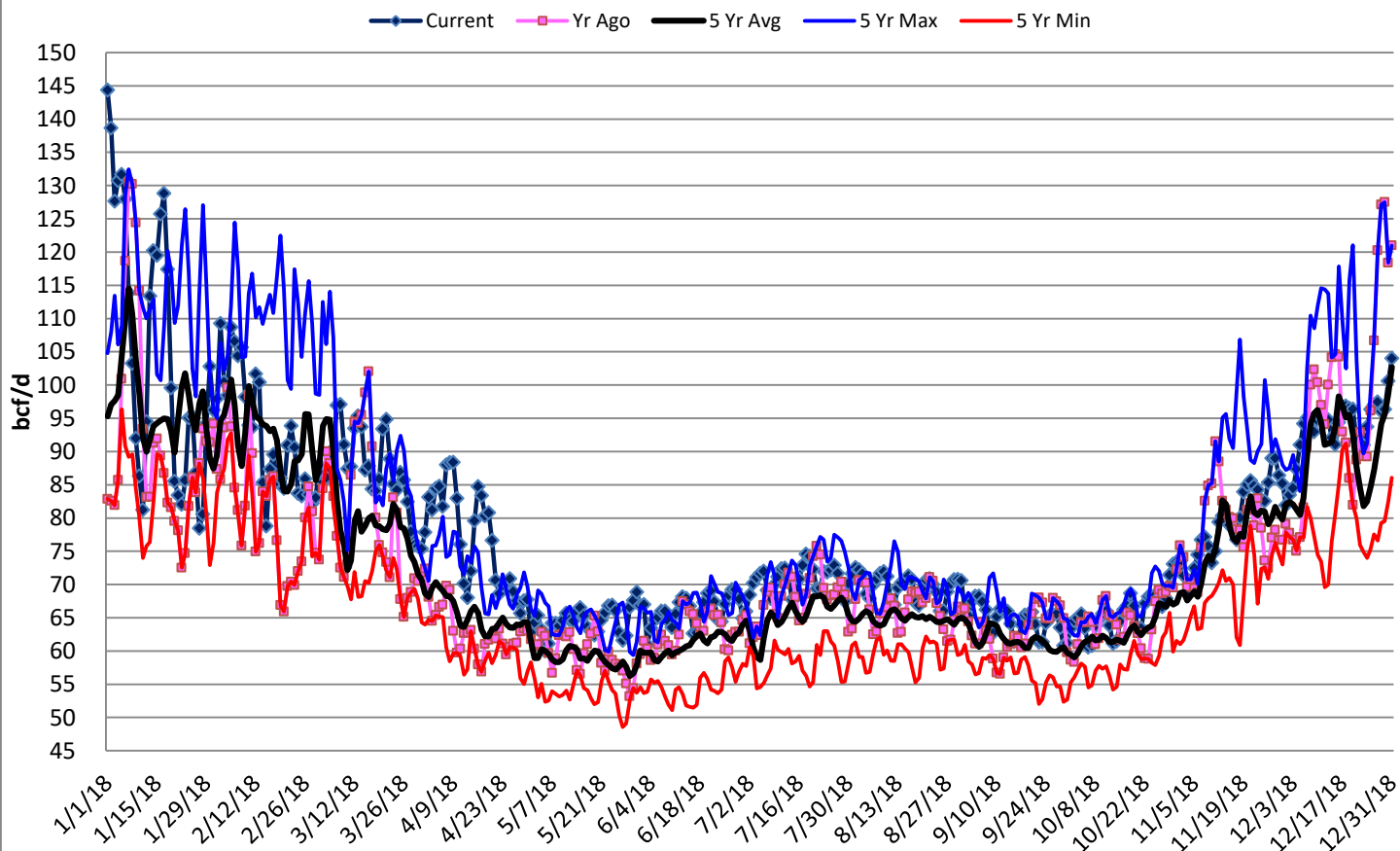
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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