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Week Ending June 8, 2018

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

Price Action: The July contract fell 7.2 cents (2.4%) to \$2.890 on a 11.4 cent range (\$2.987/\$2.873).

Price Outlook: Prices slid despite an injection that increased the storage deficit to both last year and the 5-year average, which historically are price supportive factors. However, weather forecasts were less bullish with +11.1 bcf added to the storage forecasts based on weather only through 6/29. Daily projected pipeline data also indicated the possibility of a +100 bcf next week. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a 10,124 contract increase in the managed money net long position as longs added and shorts covered. This is the smallest short position since February 6. Total open interest rose 14,079 to 3.714 million as of June 05. Aggregated CME futures open interest fell to 1.533 million as of June 08. The current weather forecast is now warmer than 7 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 0.7 bcf.

Weekly Storage: US working gas storage for the week ending June 1 indicated an injection of +92 bcf. Working gas inventories rose to 1,817 bcf. Current inventories fall (814) bcf (-30.9%) below last year and fall (501) bcf (-21.6%) below the 5-year average.

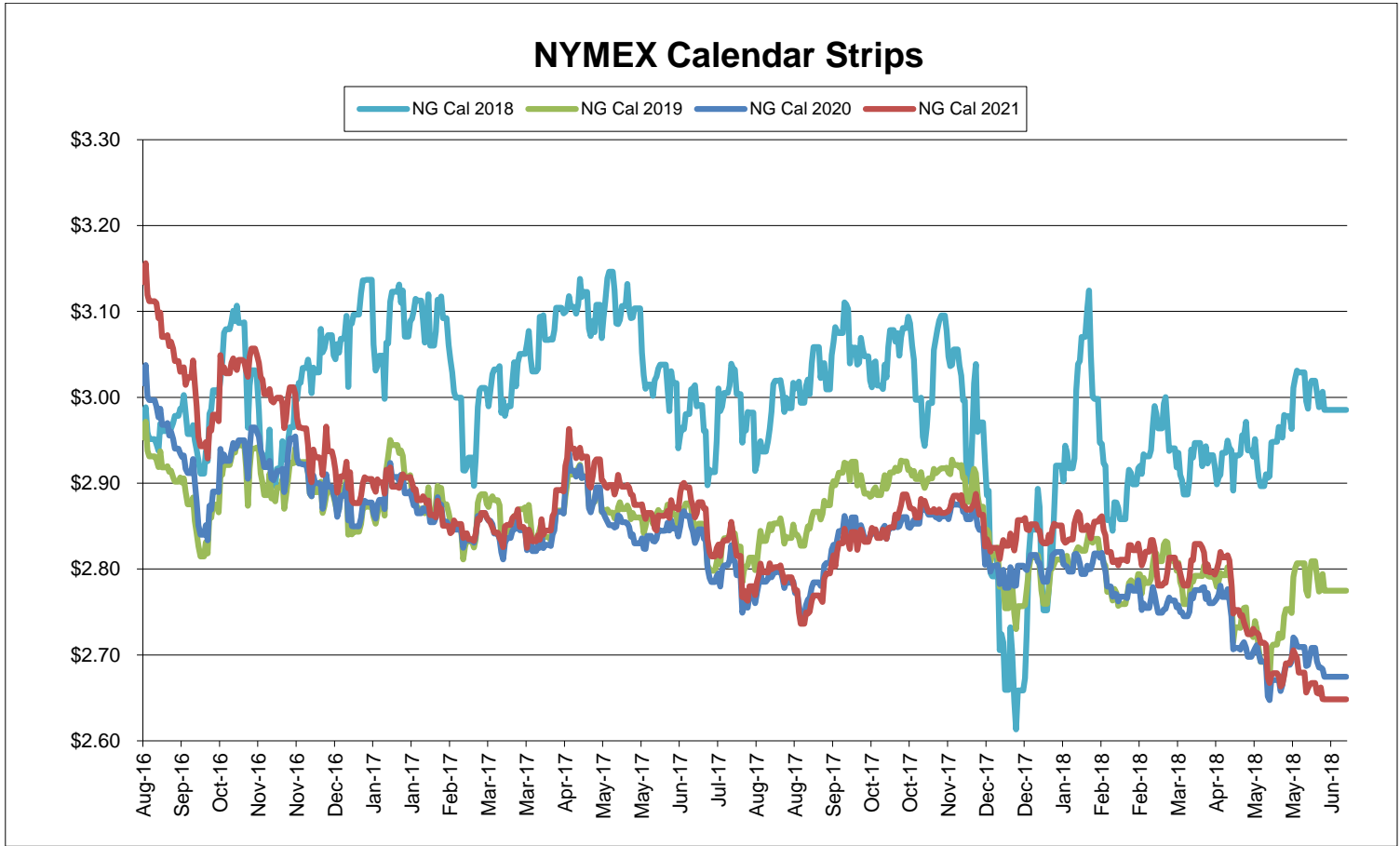
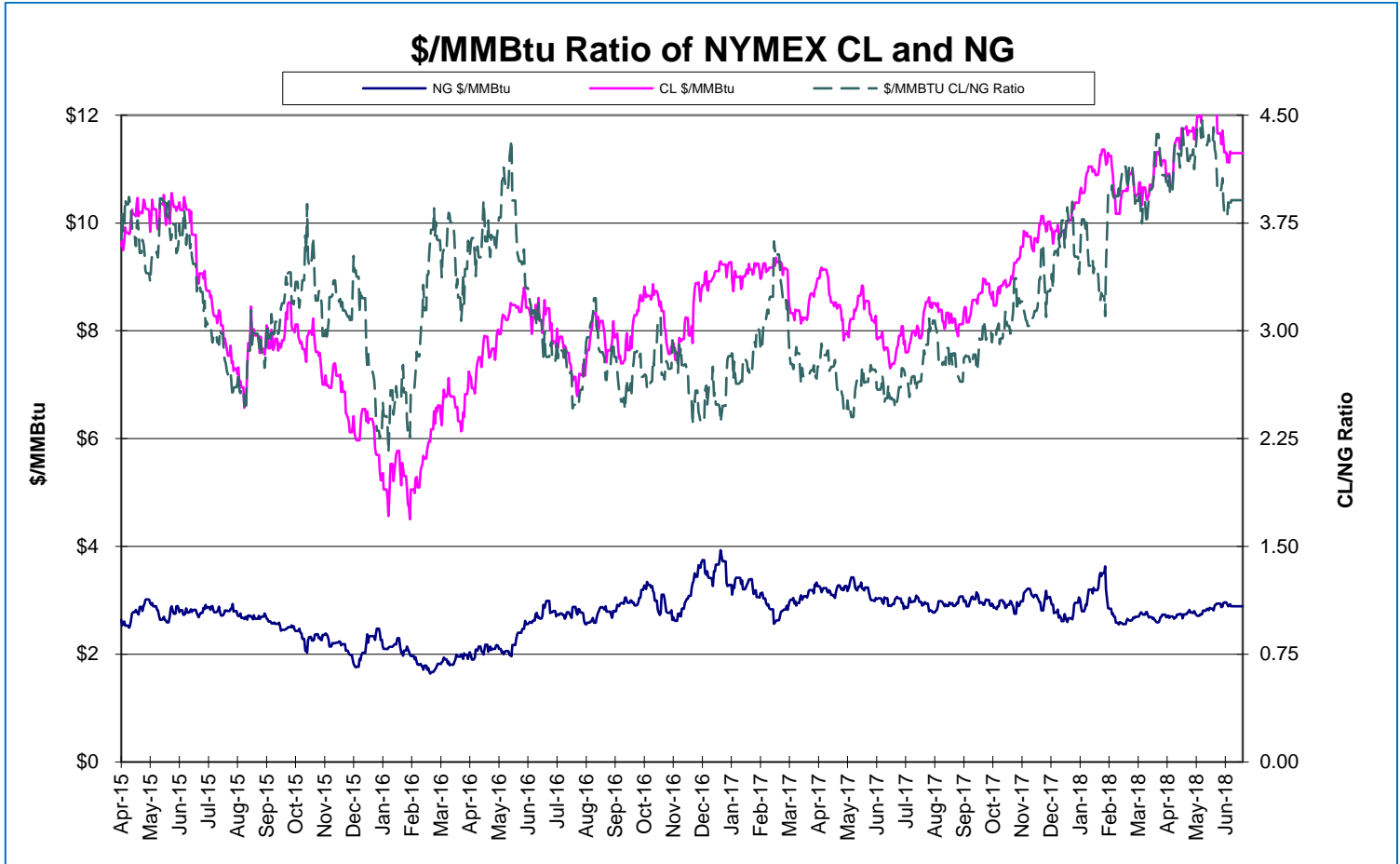
Storage Outlook: Our EIA weekly storage estimate was (5) bcf from the actual EIA implied flow and was outside our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply rose 0.7 bcf/d to 79.6 bcf/d. US production rose. Canadian imports rose. LNG imports exports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +2. Oil activity increased +1. Natural gas activity increased +1. The total US rig count now stands at 1,062. The Canadian rig count rose +13 to 112. Thus, the total North American rig count rose +15 to 1,174 and now exceeds last year by +115. **The higher efficiency US horizontal rig count rose +5 to 934 and rises +154 above last year.**

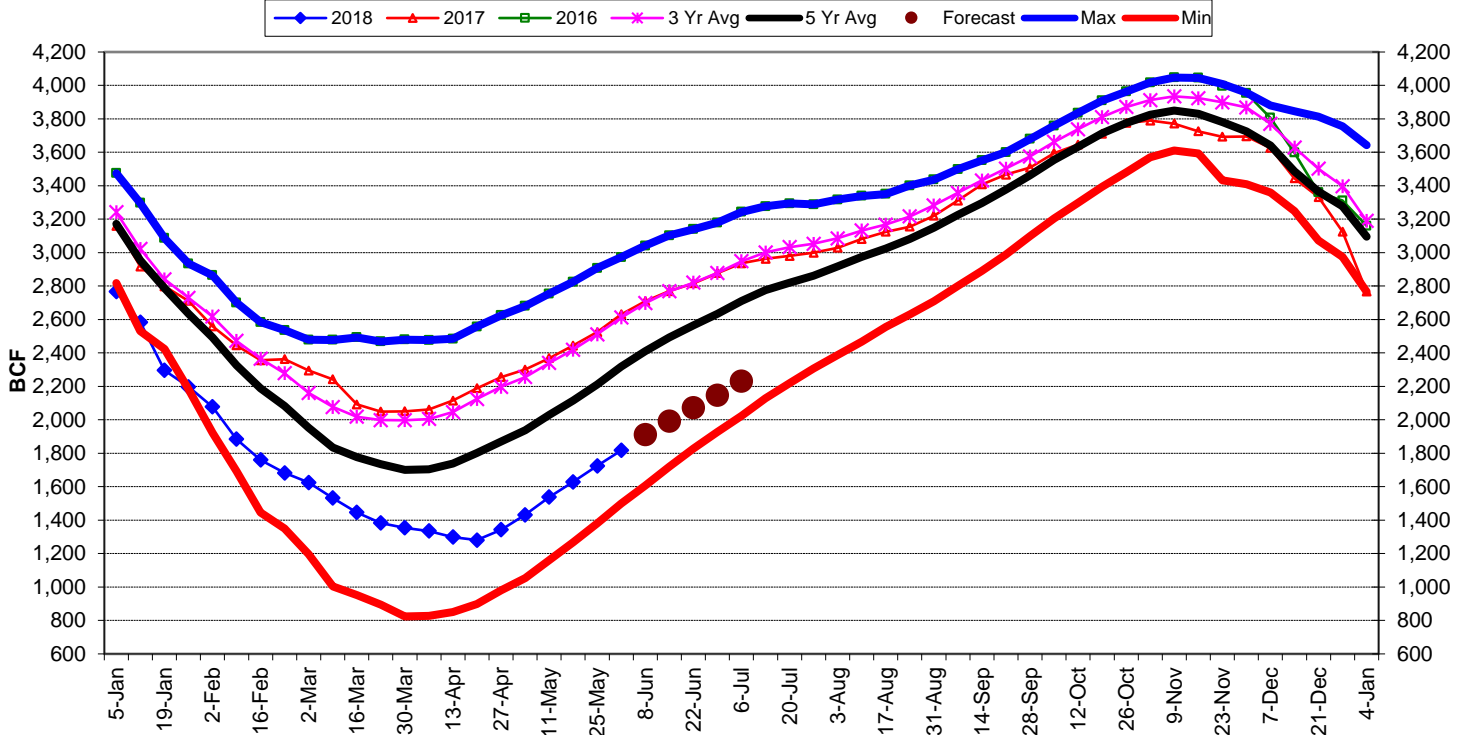
Demand Trends: Total demand rose +0.4 bcf/d to +65.5 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +5,902 gigawatt-hrs to 83,583 which exceeds last year by +8,992 (12.1%) and exceeds the 5-year average by 7,852 (10.4%).

Nuclear Generation: Nuclear generation rose 910 MW in the reference week to 94,560 MW. This is +5,476 MW higher than last year and +4,765 MW higher than the 5-year average. **Recent output was at 95,323 MW.**

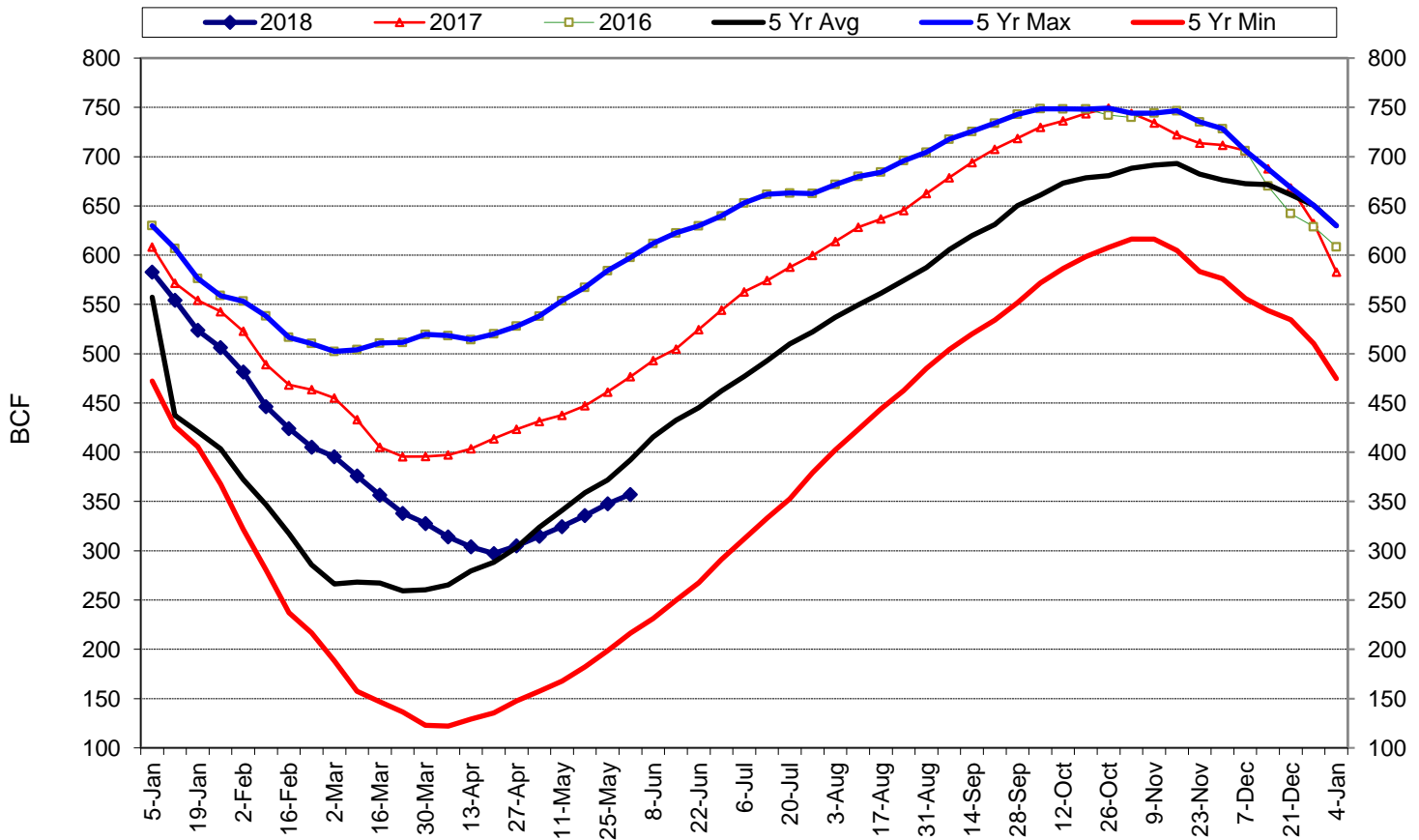
- The cooling season is beginning. With a forecast through June 22 the 2018 total cooling index is at 855 compared to 1,006 for 2017, 909 for 2016, 631 for 2015, 614 for 2014, 668 for 2013, 1,028 for 2012 and 1,044 for 2011.



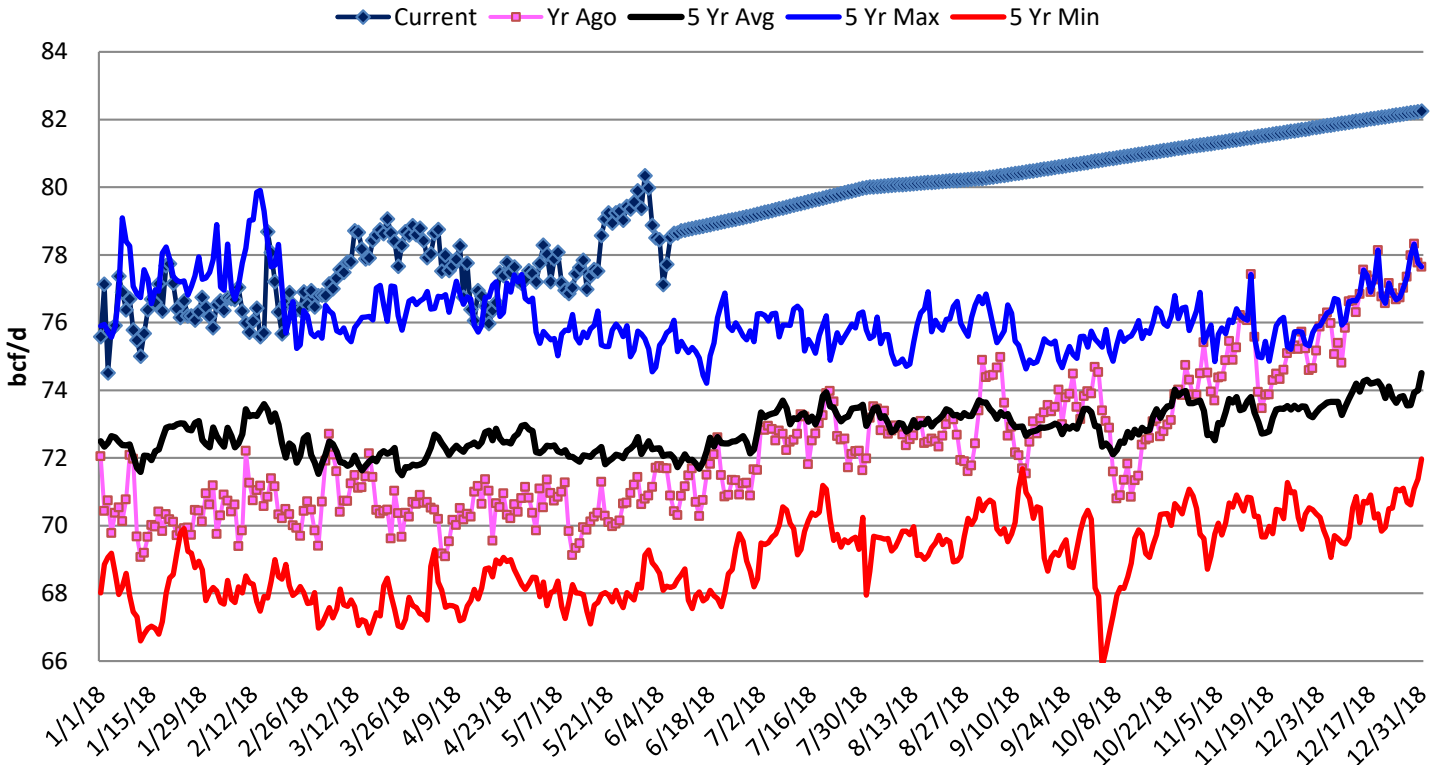
US Total Working Gas Storage - Source - EIA



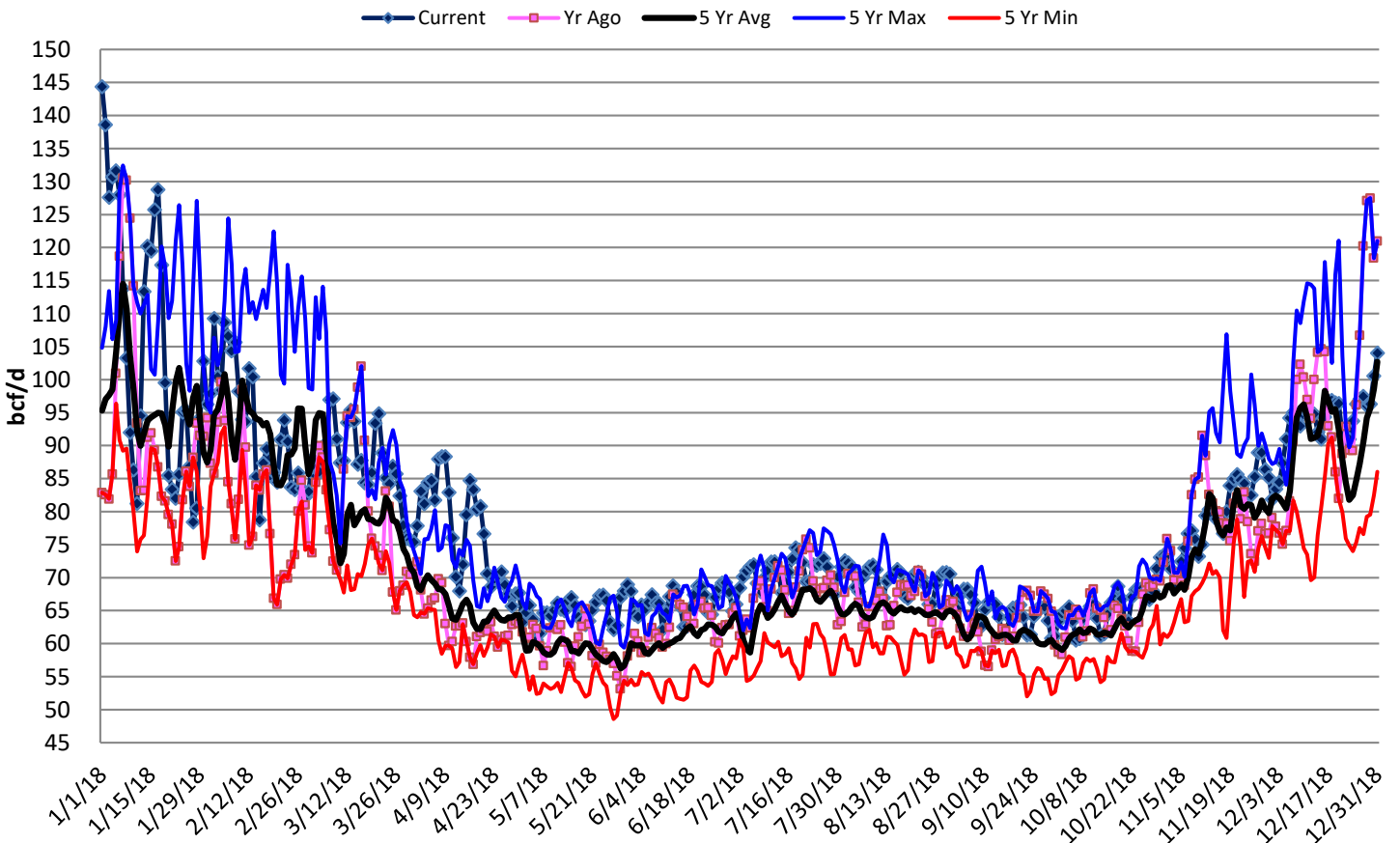
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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