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Week Ending June 29, 2018

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

Price Action: The August contract fell 2.1 cents (0.7%) to \$2.924 on a 12.5 cent range (\$3.021/\$2.896).

Price Outlook: After last week's week where both a new high and low were posted, this week witnessed a very rare inside week where neither a high or low was posted. Since 2000, there have been 111 weeks where a new and high were witnessed compared to just 91 where neither were seen, an inside week. Prices slipped despite still bullish weather forecasts as the EIA posted a revision to last week that increased the initially reported +91 bcf injection to +95 bcf. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (21,415) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the smallest long position since May 3, 2016. Total open interest fell (79,727) to 3.650 million as of June 26. Aggregated CME futures open interest rose to 1.489 million as of June 29. The current weather forecast is now warmer than 10 of the last 10 years. Pipeline data indicates total flows to Cheniere's export facility were at 2.9 bcf. Cove Point is net exporting 0.7 bcf.

Weekly Storage: US working gas storage for the week ending June 22 indicated an injection of +66 bcf. Working gas inventories rose to 2,074 bcf. Current inventories fall (742) bcf (-26.3%) below last year and fall (491) bcf (-19.1%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was (1) bcf from our EIA storage estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

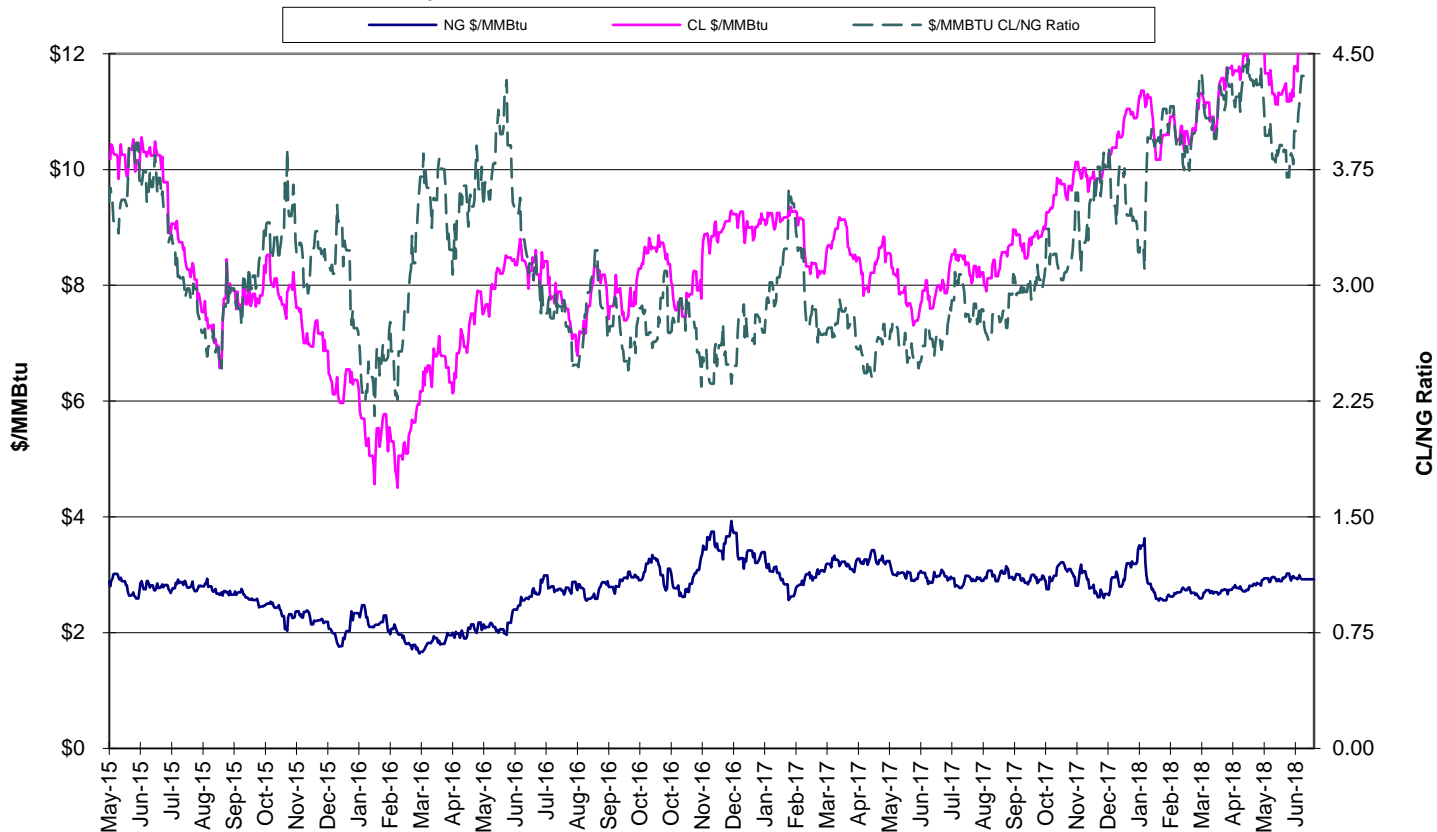
Supply Trends: Total supply rose 0.2 bcf/d to 78.1 bcf/d. US production rose. Canadian imports rose. LNG imports exports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (5). Oil activity decreased (4). Natural gas activity decreased (1). The total US rig count now stands at 1,047. The Canadian rig count rose +12 to 172. Thus, the total North American rig count rose +7 to 1,219 and now exceeds last year by +90. The higher efficiency US horizontal rig count fell (4) to 926 and rises +134 above last year.

Demand Trends: Total demand rose +3.0 bcf/d to +69.3 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand fell. Electricity demand rose +2,329 gigawatt-hrs to 87,347 which exceeds last year by +180 (0.2%) and exceeds the 5-year average by 1,674 (2.0%).

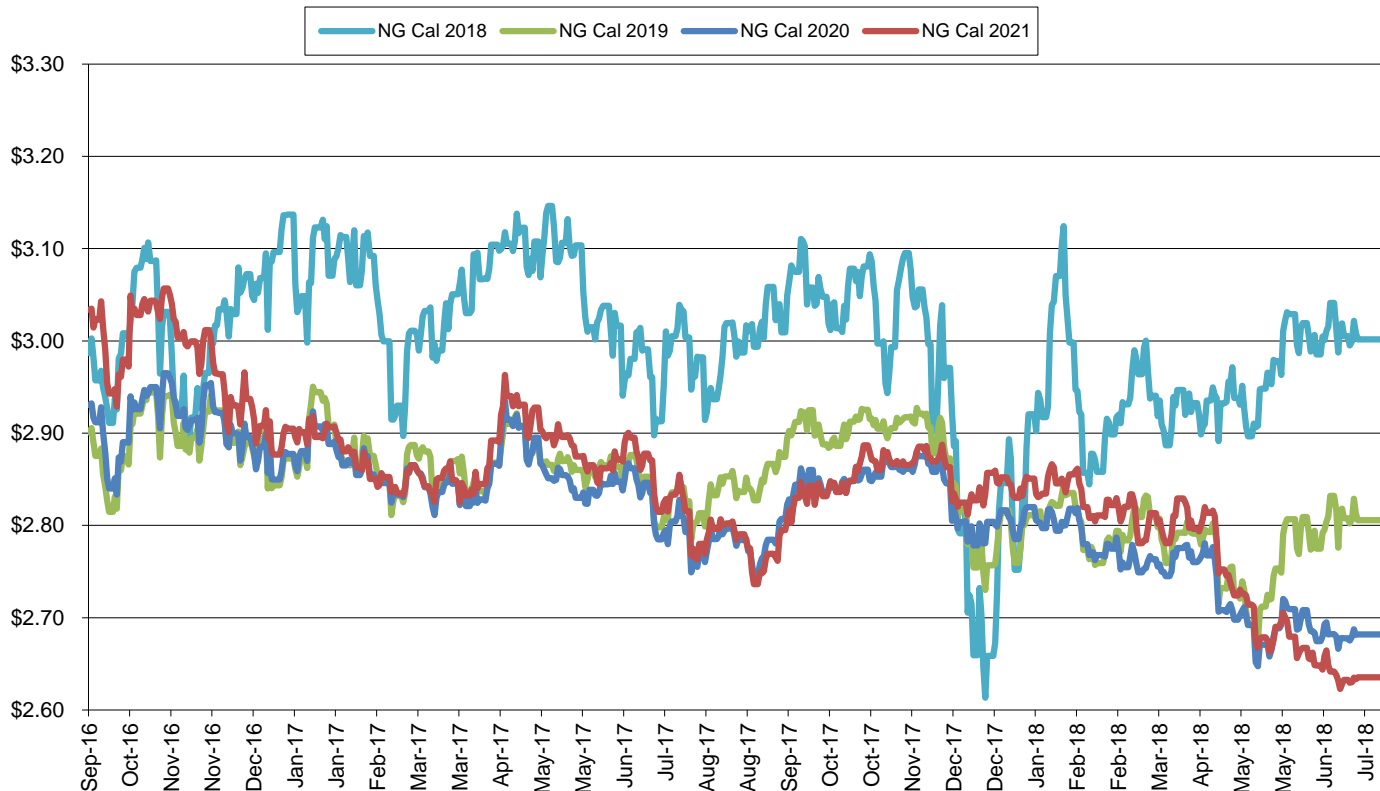
Nuclear Generation: Nuclear generation fell (856)MW in the reference week to 94,558 MW. This is +3,146 MW higher than last year and +2,618 MW higher than the 5-year average. Recent output was at 92,862 MW.

- The cooling season is beginning. With a forecast through July 13 the 2018 total cooling index is at 2,698 compared to 2,119 for 2017, 1,982 for 2016, 1,407 for 2015, 1,336 for 2014, 1,880 for 2013, 3,347 for 2012 and 2,107 for 2011.

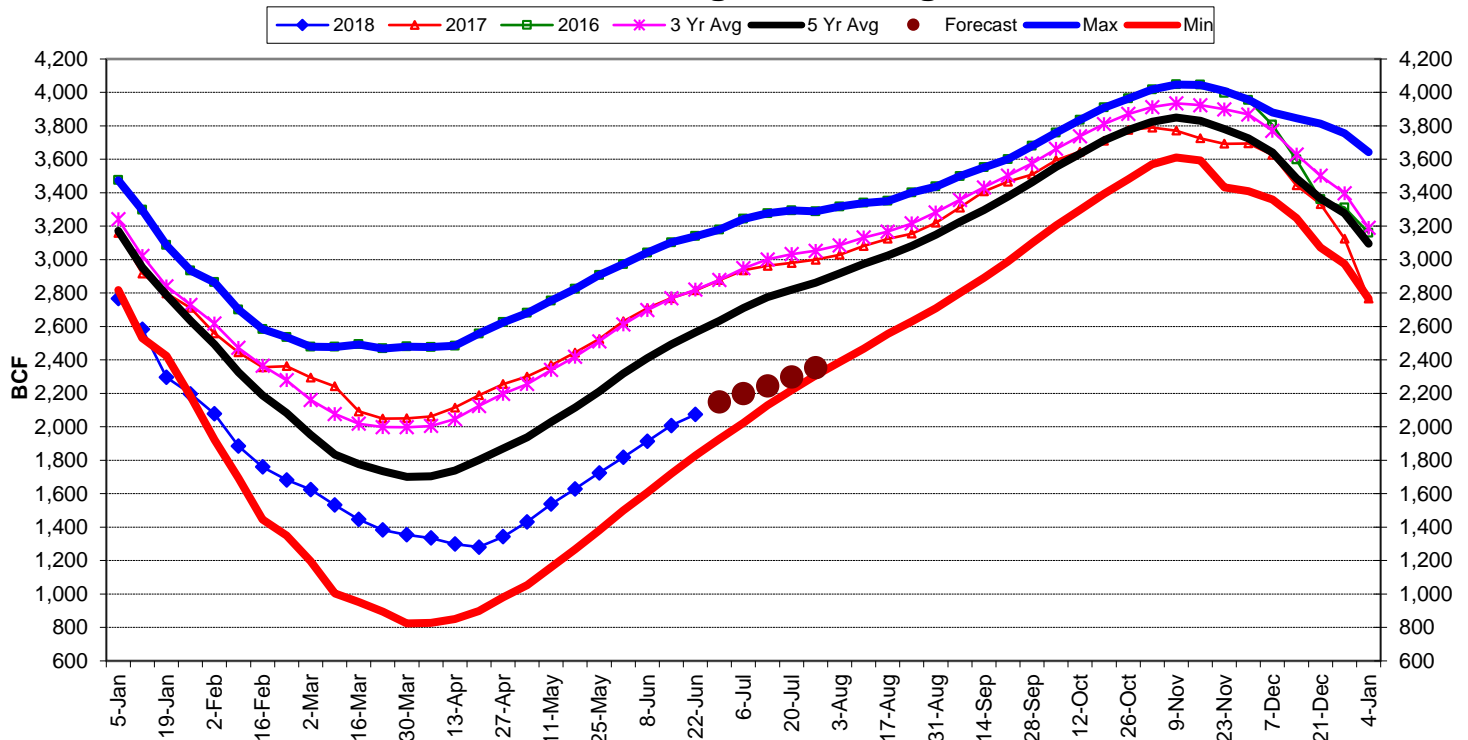
\$/MMBtu Ratio of NYMEX CL and NG



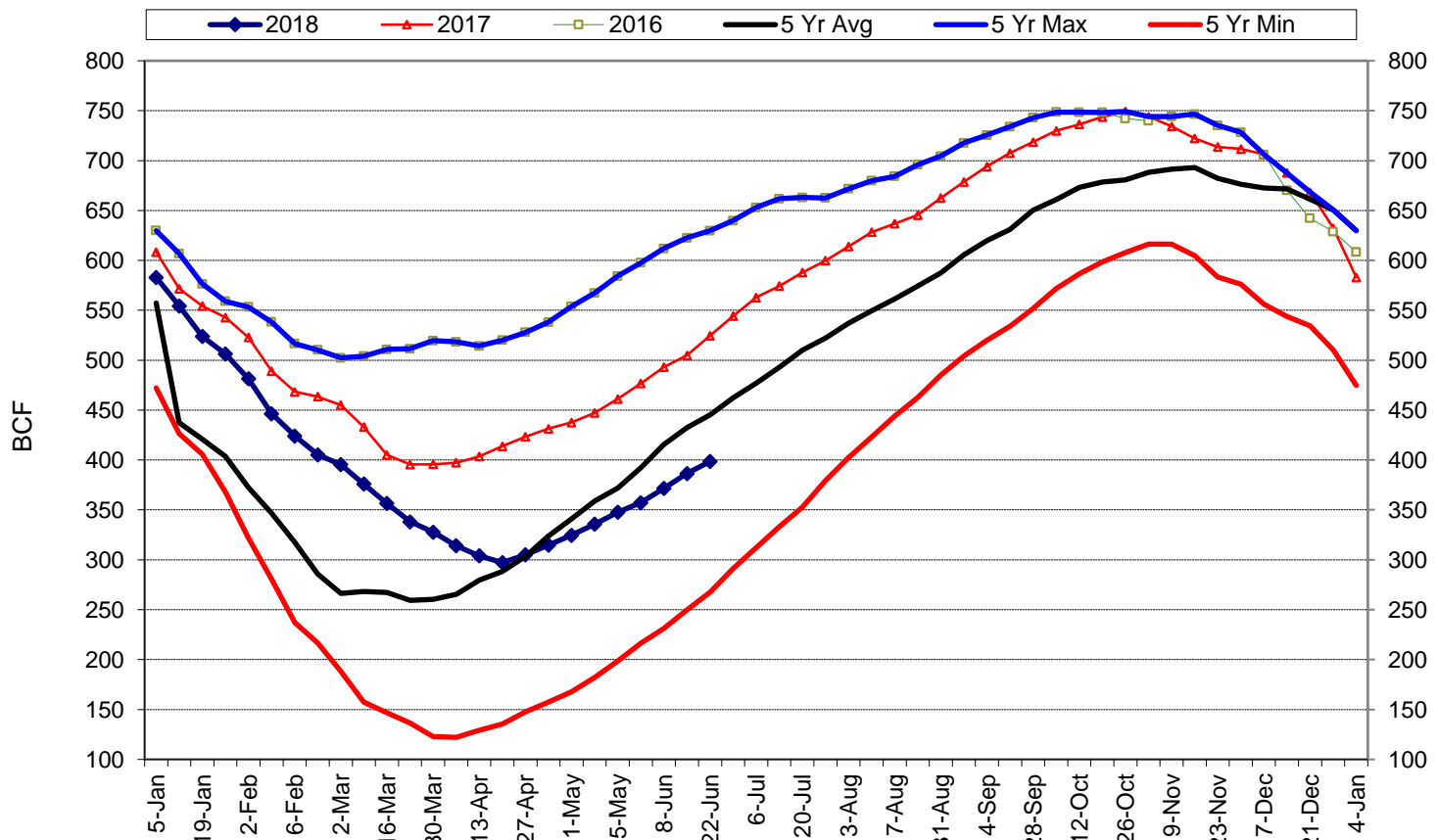
NYMEX Calendar Strips



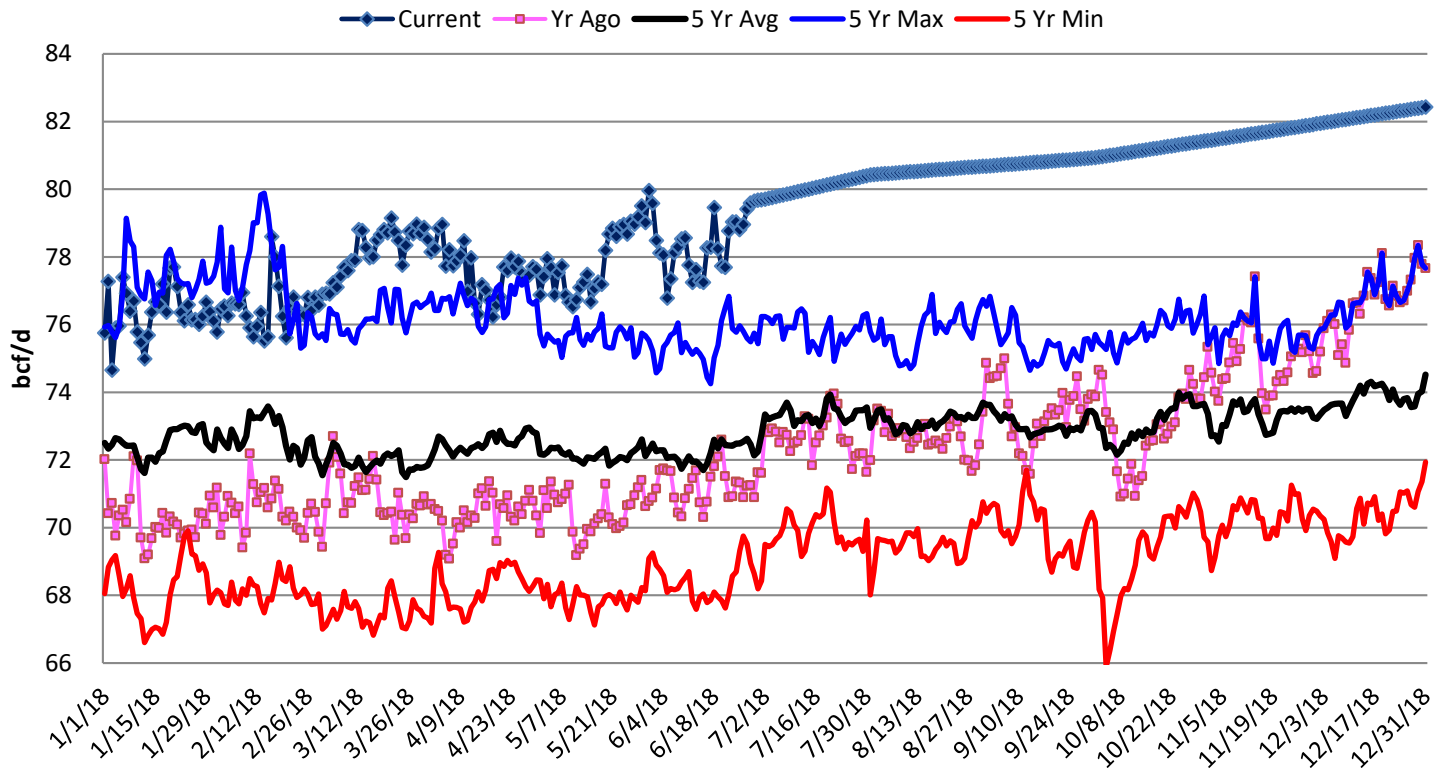
US Total Working Gas Storage - Source - EIA



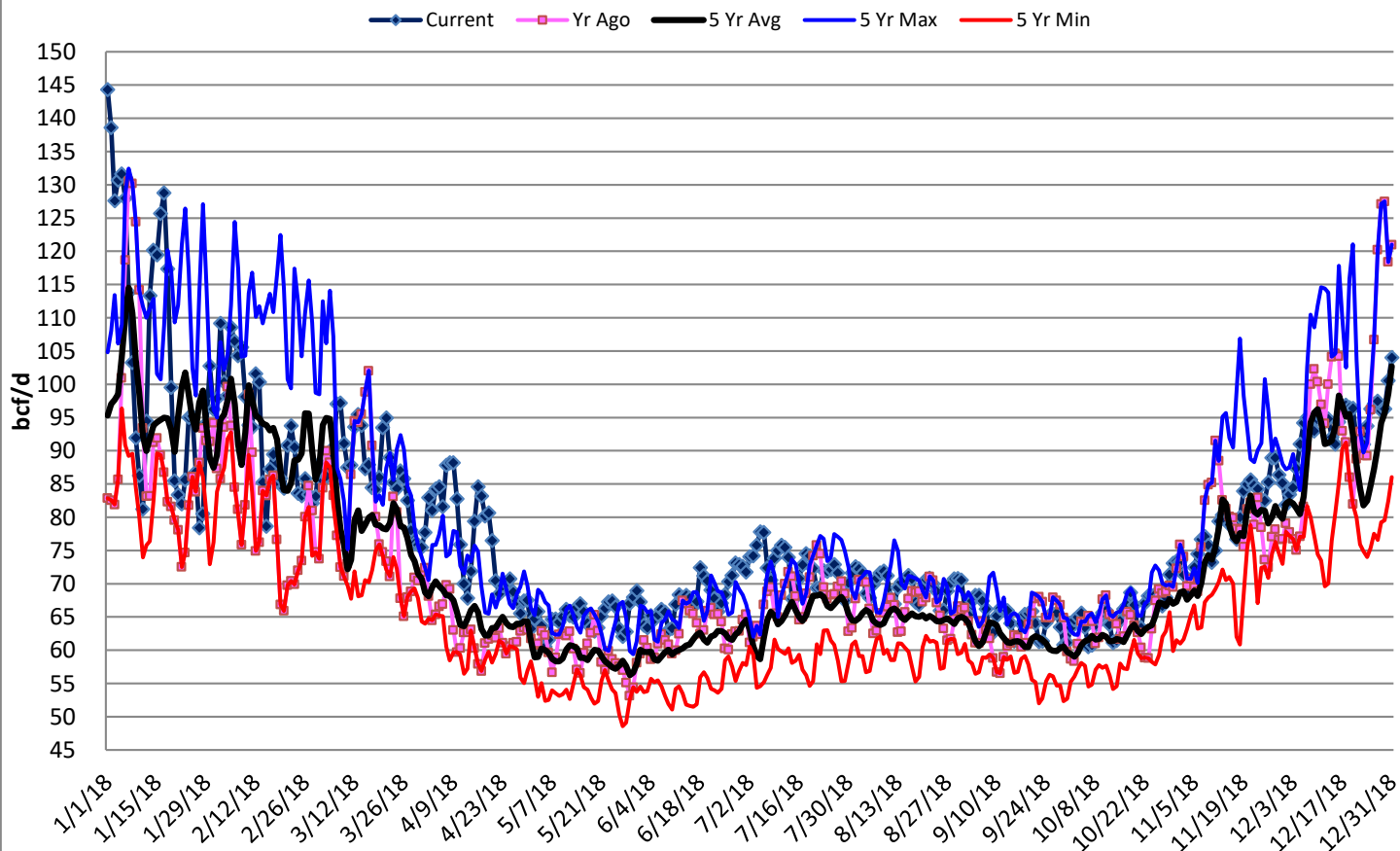
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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