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*Week Ending July 20, 2018*

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

**Price Action:** The August contract rose 0.5 cents (0.2%) to \$2.757 on ab 8.4 cent range (\$2.788/\$2.704).

**Price Outlook:** Prices were little changed as bullish weather forecasts and much smaller than expected EIA storage injection supported the market while high US production and bearish overall sentiment restrained prices. While the market cares little about the still significant storage deficits, the low relative storage levels should provide some price support. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (33,841) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the smallest net long position since December 26, 2017. This is the smallest long position since March 8, 2016. Total open interest rose 85,605 to 3.732 million as of July 17. Aggregated CME futures open interest rose to 1.534 million as of July 20. This is the highest CME open interest since June 7. The current weather forecast is now warmer than 8 of the last 10 years. Pipeline data indicates total flows to Cheniere's export facility were at 2.8 bcf. Cove Point is net exporting 0.7 bcf.

**Weekly Storage:** US working gas storage for the week ending July 13 indicated an injection of +46 bcf. Working gas inventories rose to 2,249 bcf. Current inventories fall (714) bcf (-24.1%) below last year and fall (526) bcf (-19.0%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was (10) 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.

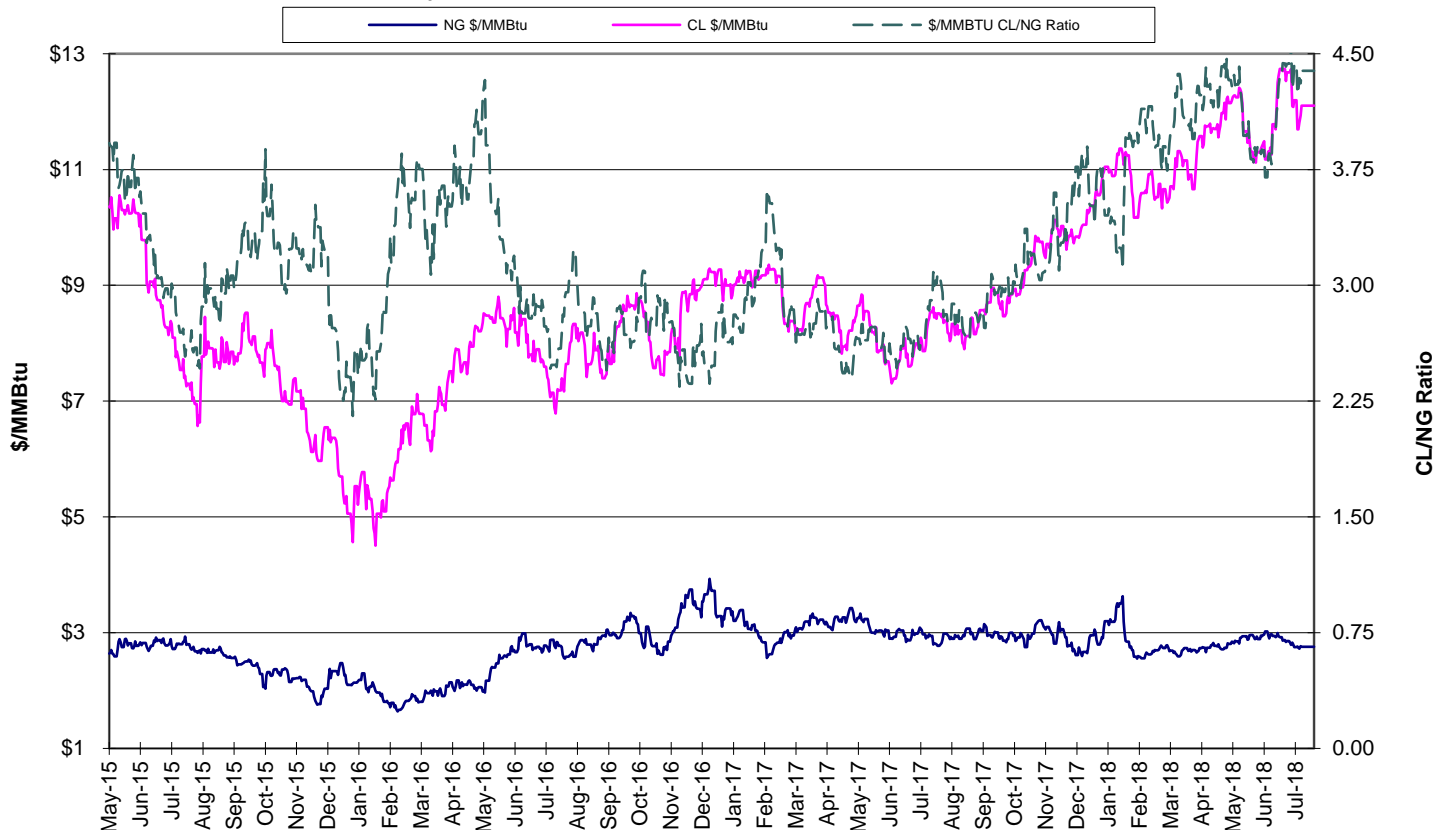
**Supply Trends:** Total supply fell (0.3) bcf/d to 79.7 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (8). Oil activity decreased (5). Natural gas activity decreased (2). The total US rig count now stands at 1,046. The Canadian rig count rose +14 to 211. Thus, the total North American rig count rose +6 to 1,257 and now exceeds last year by +101. The higher efficiency US horizontal rig count fell (8) to 922 and rises +119 above last year.

**Demand Trends:** Total demand fell (0.9) bcf/d to +71.9 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand rose. Electricity demand fell (1,208) gigawatt-hrs to 91,064 which exceeds last year by +137 (0.2%) and exceeds the 5-year average by 1,812 (2.0%).

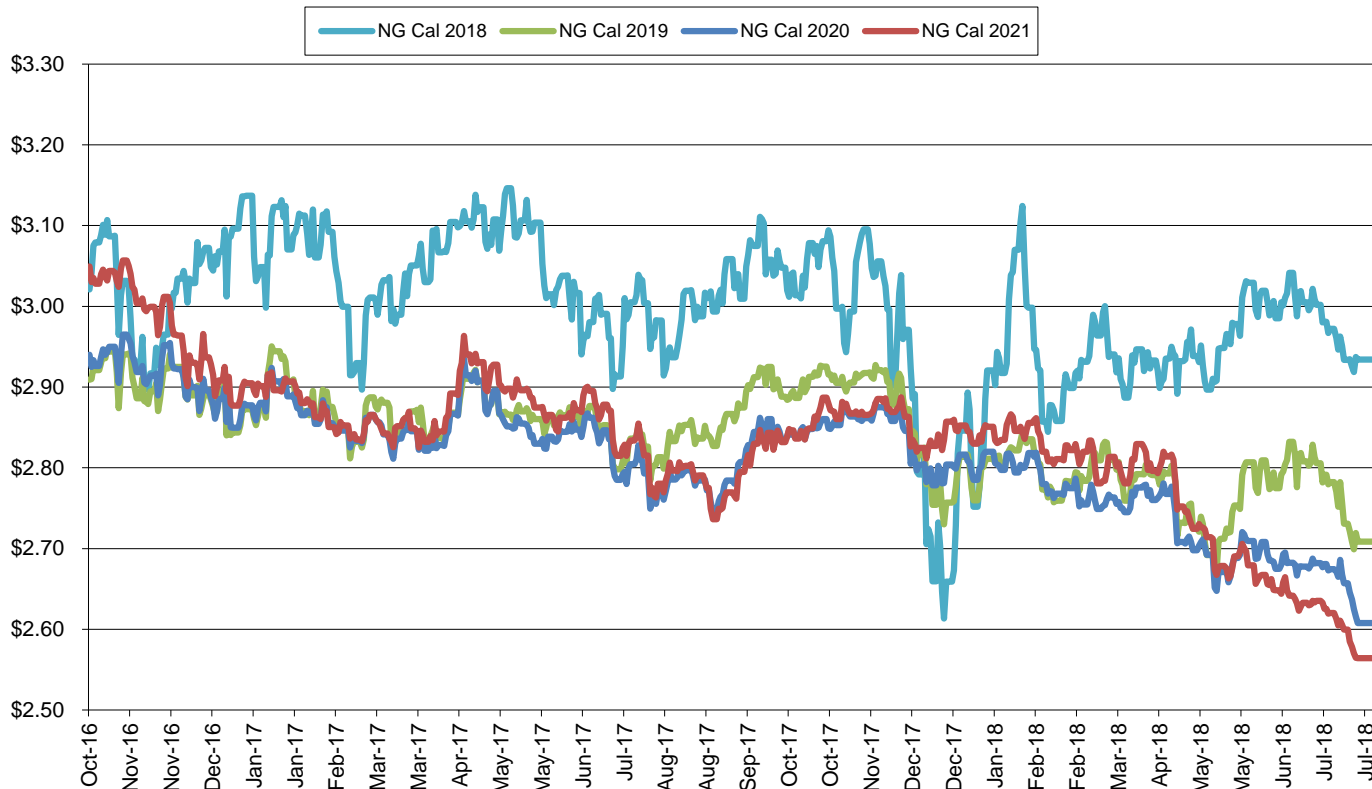
**Nuclear Generation:** Nuclear generation rose 1,806 MW in the reference week to 95,628 MW. This is +1,275 MW higher than last year and +1,690 MW higher than the 5-year average. Recent output was at 95,388 MW.

- The cooling season is approaching its midpoint. With a forecast through August 3 the 2018 total cooling index is at 4,010 compared to 3,343 for 2017, 3,717 for 2016, 2,510 for 2015, 2,105 for 2014, 2,987 for 2013, 5,241 for 2012 and 4,039 for 2011.

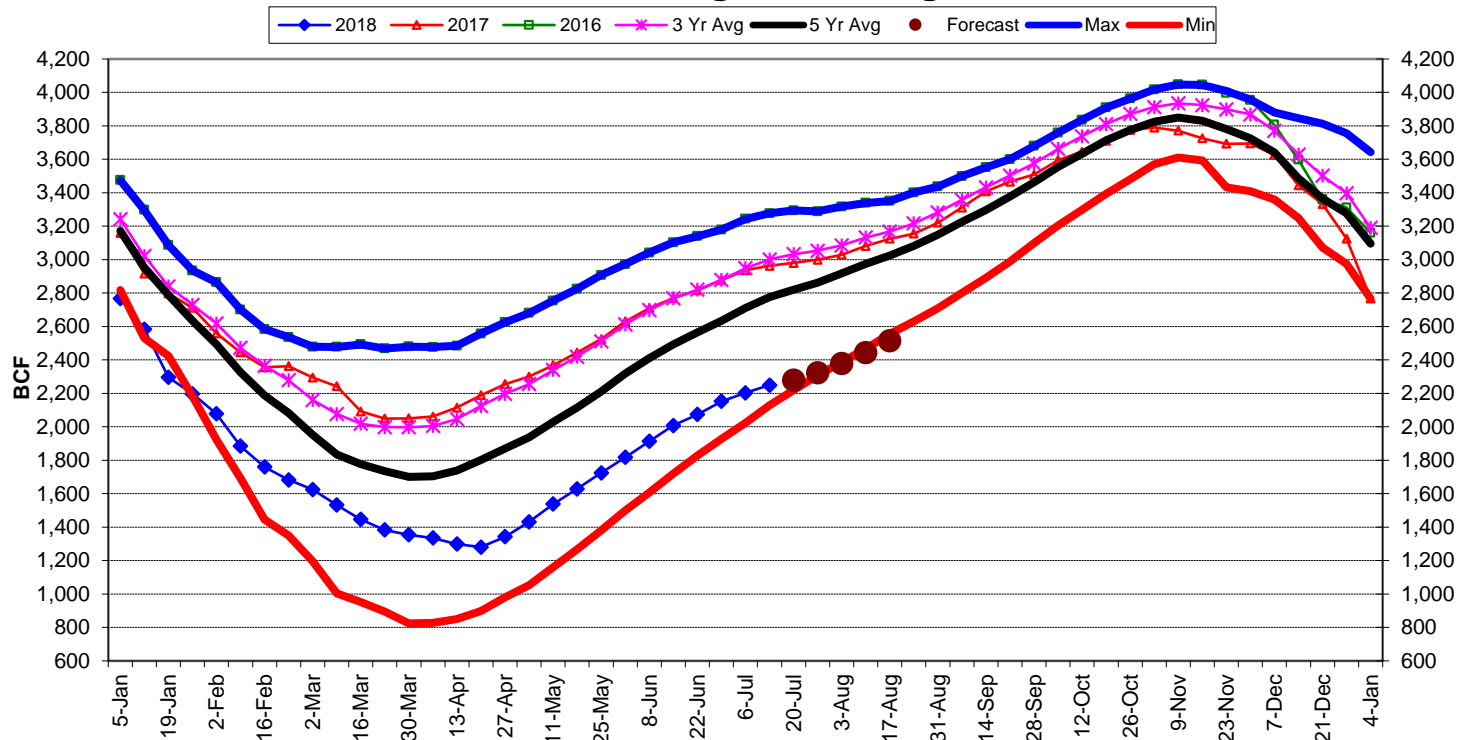
## \$/MMBtu Ratio of NYMEX CL and NG



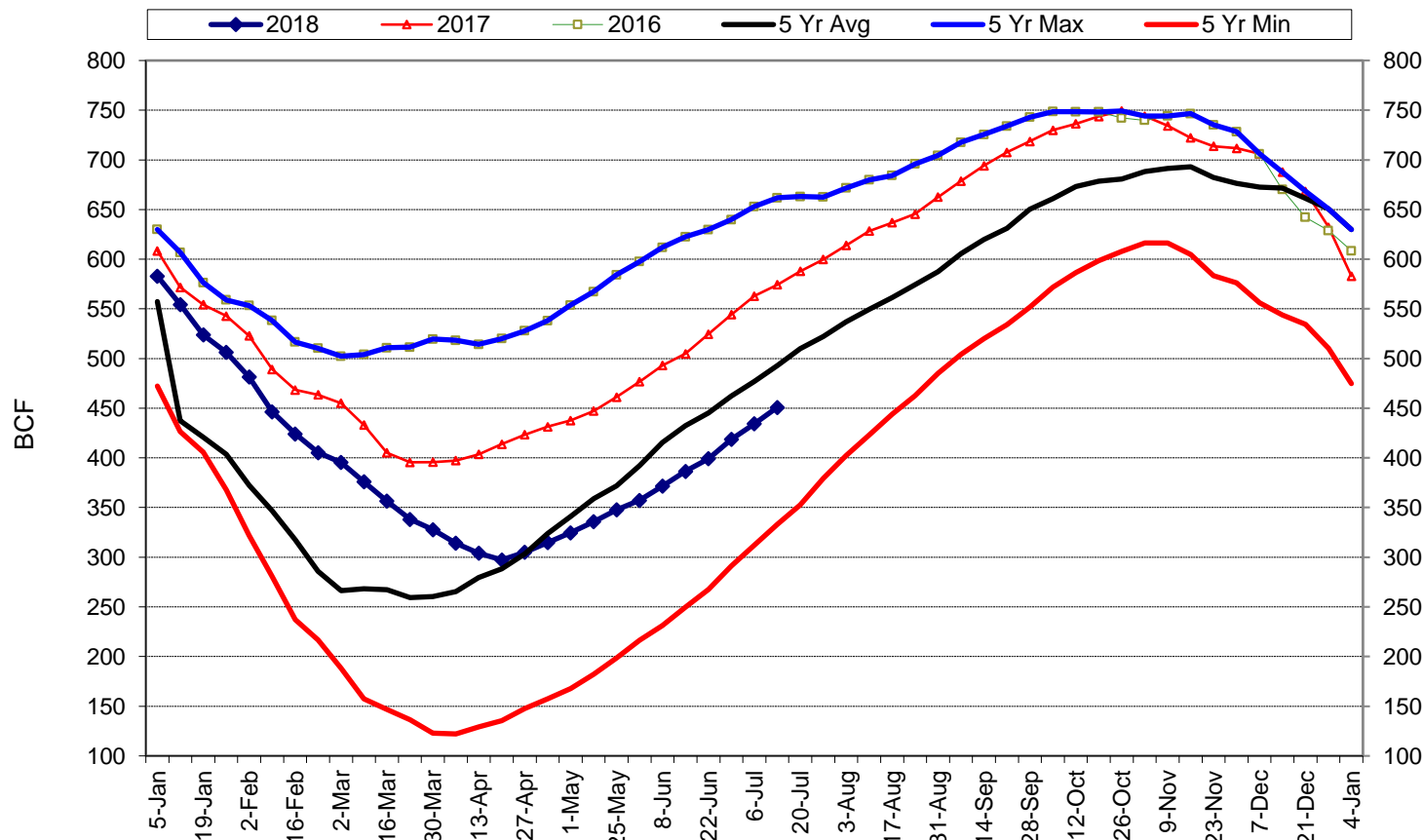
## NYMEX Calendar Strips



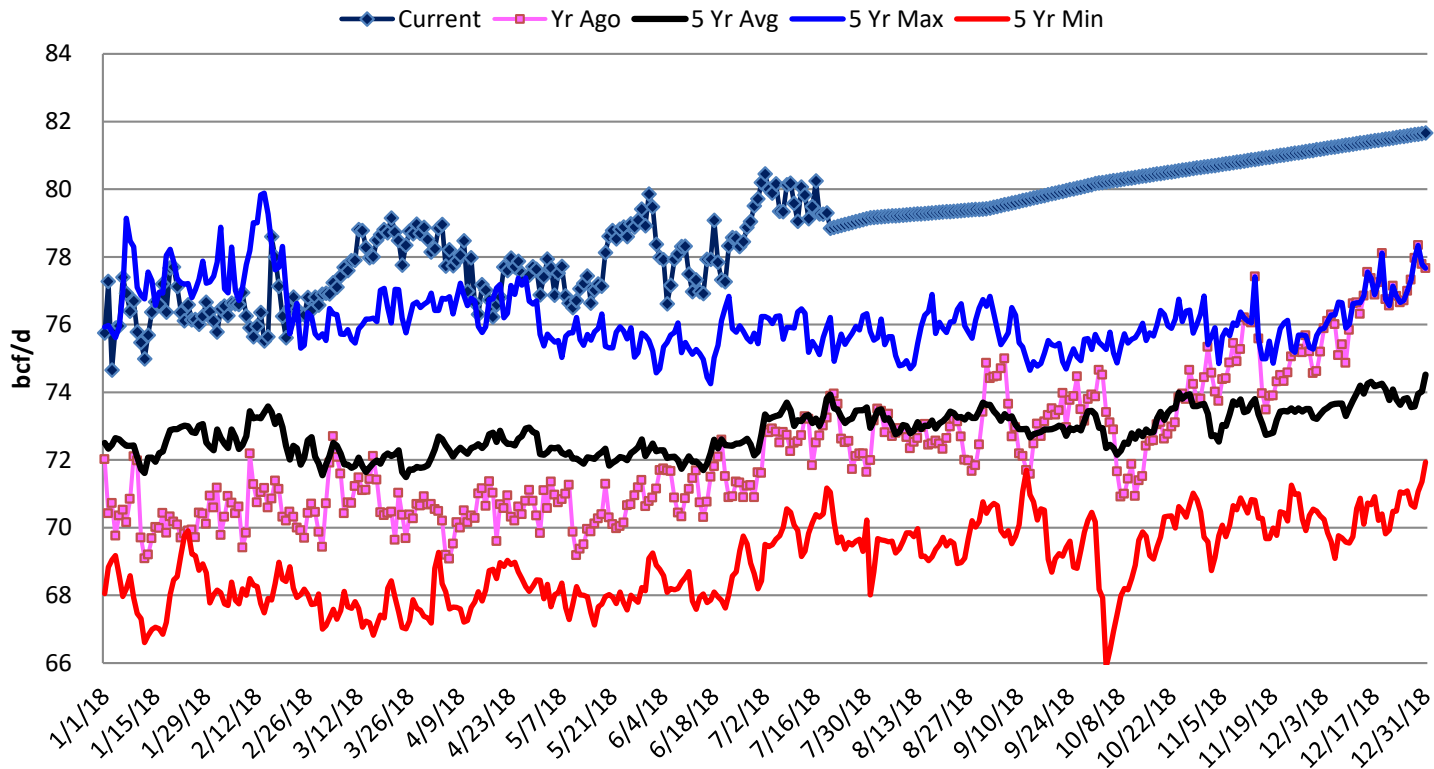
## US Total Working Gas Storage - Source - EIA



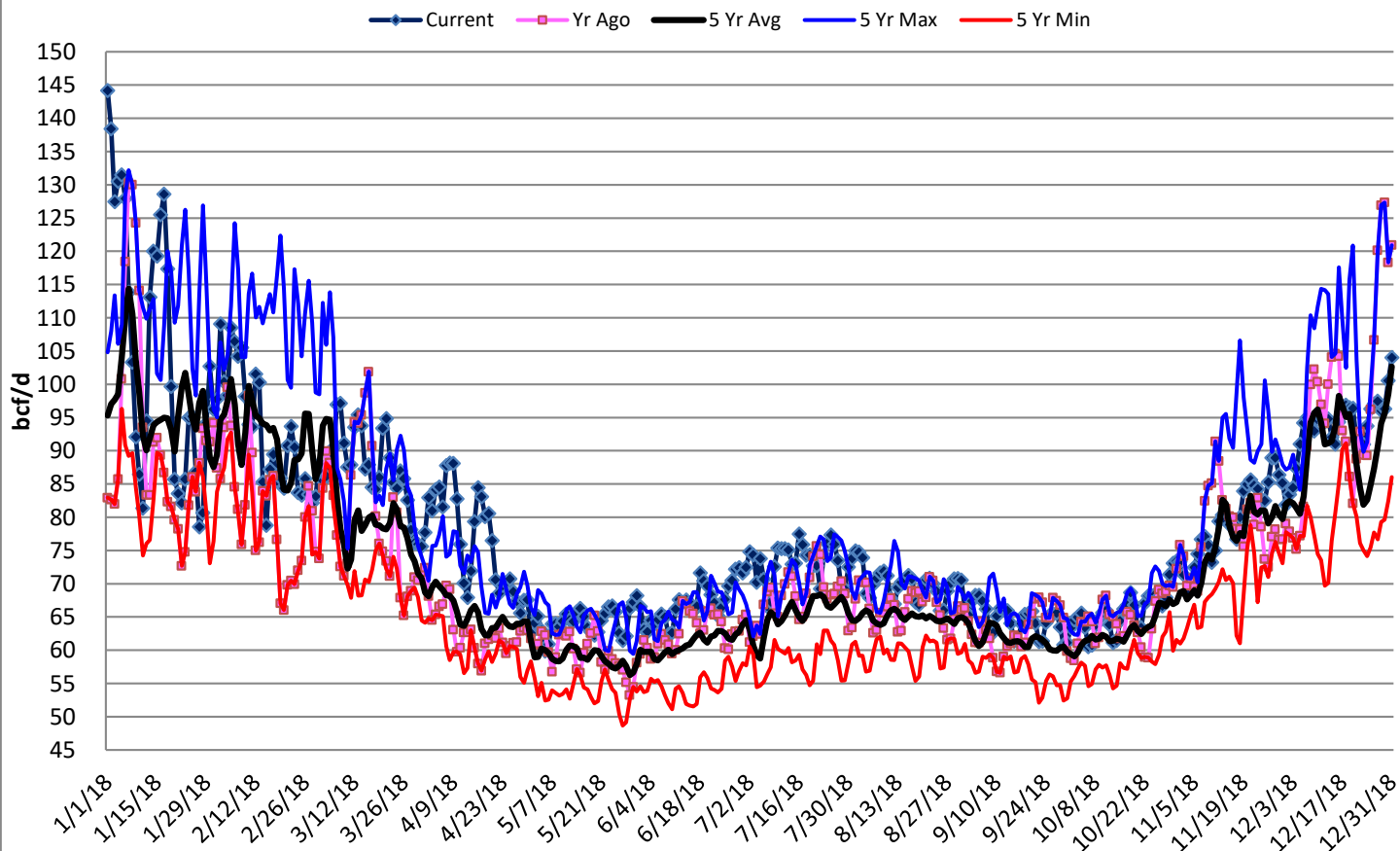
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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