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Week Ending August 10, 2018

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

Price Action: The September contract rose 9.1 cents (3.2%) to $2.944 on a 13.7 cent range ($2.959/$2.822).

Price Outlook: **The market continued higher as weather forecasts remain bullish and the storage deficit to the 5-year average rose to another peak. At the same time, pipeline data suggests yet another increase in the storage deficit this week with little reduction to the storage deficit in the coming weeks. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 44,404 contract increase in the managed money net long position as longs added and shorts covered. This was the largest weekly net position change since May 15, 2018. Total open interest rose 84,196 to 3.715 million as of August 07. Aggregated CME futures open interest fell to 1.548 million as of August 10. 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 2.8 bcf. Cove Point is net exporting 0.7 bcf.**

Weekly Storage: US working gas storage for the week ending August 3 indicated an injection of +46 bcf. Working gas inventories rose to 2,354 bcf. Current inventories fall (675) bcf (-22.3%) below last year and fall (563) bcf (-19.3%) below the 5-year average.

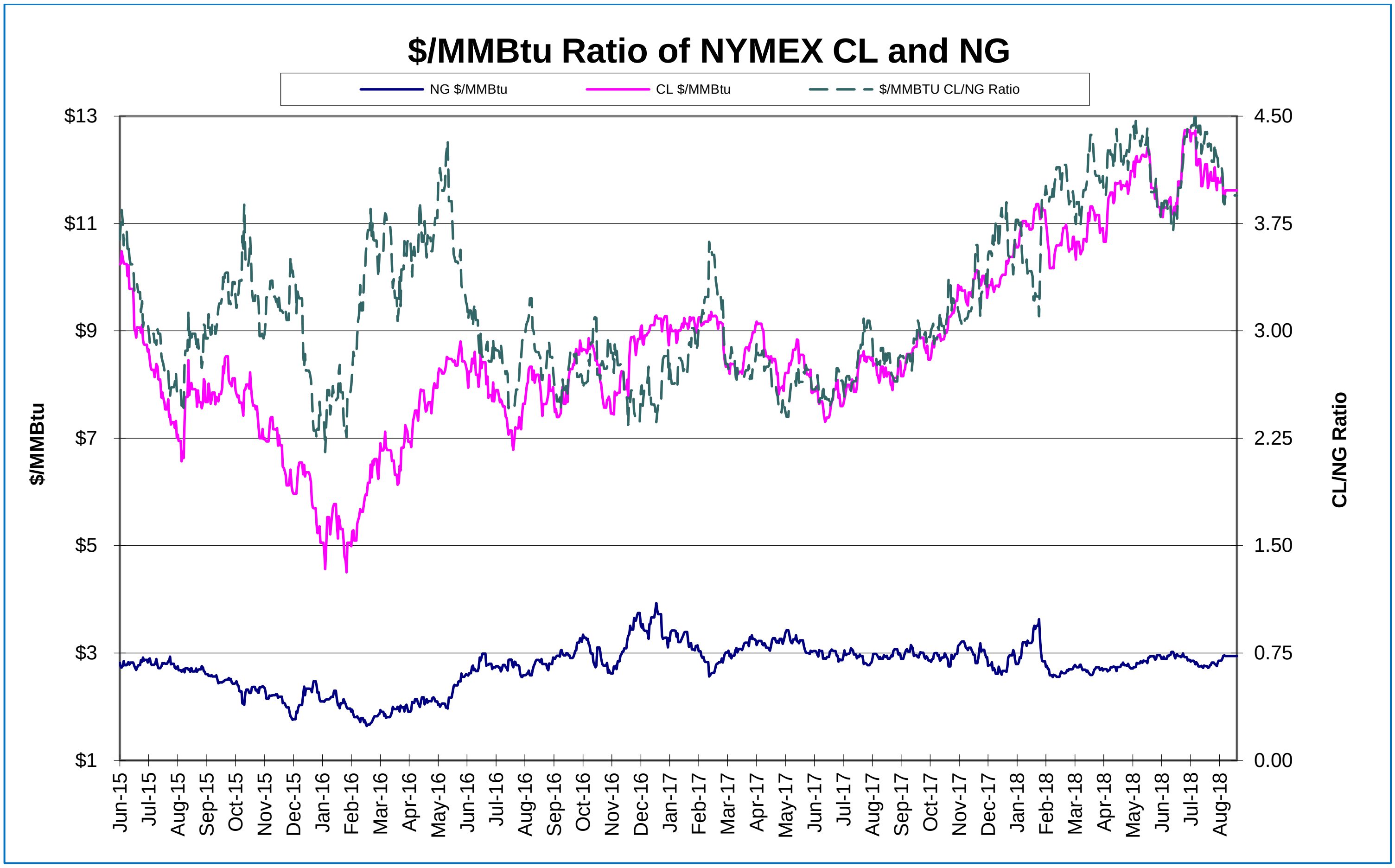
Storage Outlook: **The EIA weekly implied flow was (1) bcf from our EIA storage estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.**

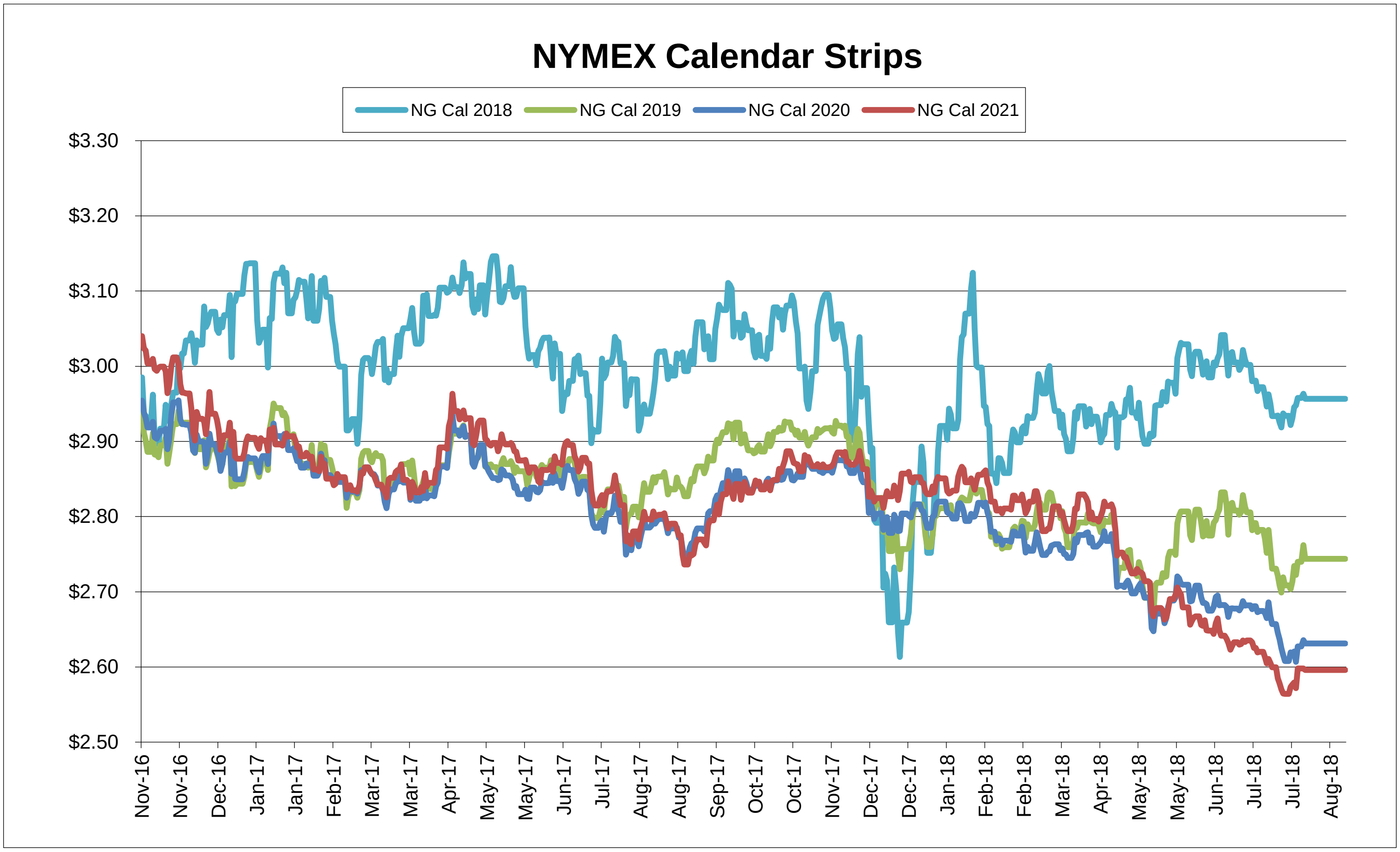
Supply Trends: Total supply fell (0.5)bcf/d to 78.6 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count rose +13. Oil activity increased +10. Natural gas activity increased +3. The total US rig count now stands at 1,057 .The Canadian rig count fell (14) to 209. Thus, the total North American rig count fell (1) to 1,266 and now exceeds last year by +97. **The higher efficiency US horizontal rig count rose +12 to 924 and rises +123 above last year.**

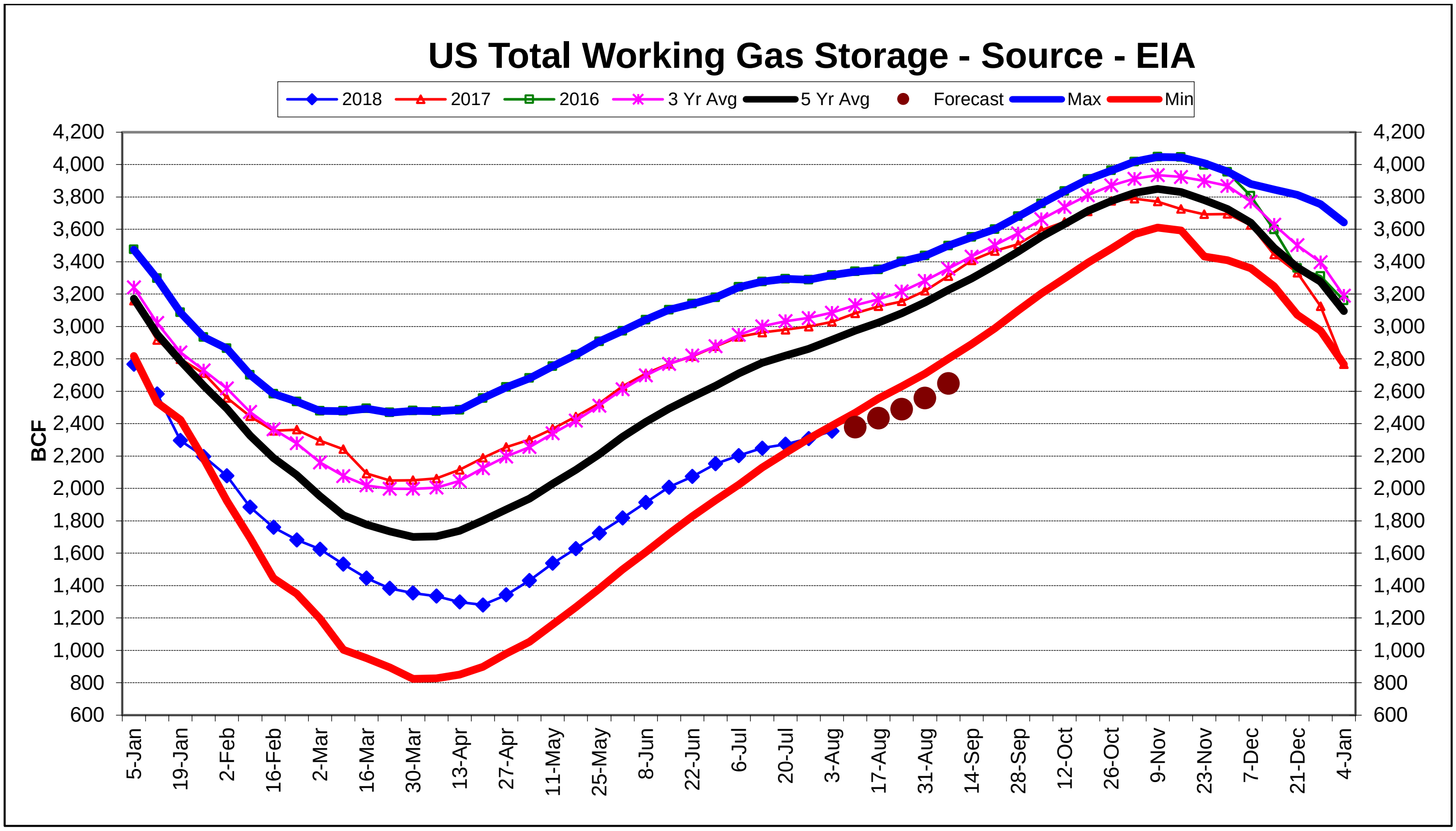
Demand Trends: Total demand fell (1.8) bcf/d to +72.2 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand fell. Electricity demand fell (3,349) gigawatt-hrs to 88,440 which exceeds last year by +2,167 (2.5%) and exceeds the 5-year average by 1,324 (1.5%%).

Nuclear Generation: Nuclear generation rose 495 MW in the reference week to 96,507 MW. This is +2,098 MW higher than last year and +2,384 MW higher than the 5-year average. **Recent output was at 96,871 MW.**

- The cooling season is now well past its midpoint. With a forecast through August 24 the 2018 total cooling index is at 4,714 compared to 3,897 for 2017, 4,829 for 2016, 3,522 for 2015, 2,705 for 2014, 3,825 for 2013, 6,448 for 2012 and 5,400 for 2011.


$/MMBtu Ratio of NYMEX CL and NG
NG $/MMBtu
CL $/MMBtu
$/MMBTU CL/NG Ratio
$/MMBtu
CL/NG Ratio
$13
$11
$9
$7
$5
$3
$1
4.50
3.75
3.00
2.25
1.50
0.75
0.00
Jun-15 Jul-15 Aug-15 Sep-15 Oct-15 Nov-15 Dec-15 Jan-16 Feb-16 Mar-16 Apr-16 May-16 Jun-16 Jul-16 Aug-16 Sep-16 Oct-16 Nov-16 Dec-16 Jan-17 Feb-17 Mar-17 Apr-17 May-17 Jun-17 Jul-17 Aug-17 Sep-17 Oct-17 Nov-17 Dec-17 Jan-18 Feb-18 Mar-18 Apr-18 May-18 Jun-18 Jul-18 Aug-18


NYMEX Calendar Strips
NG Cal 2018
NG Cal 2019
NG Cal 2020
NG Cal 2021
$3.30
$3.20
$3.10
$3.00
$2.90
$2.80
$2.70
$2.60
$2.50
Nov-16 Nov-16 Dec-16 Jan-17 Jan-17 Feb-17 Mar-17 Mar-17 Apr-17 May-17 May-17 Jun-17 Jul-17 Aug-17 Aug-17 Sep-17 Oct-17 Oct-17 Nov-17 Dec-17 Dec-17 Jan-18 Feb-18 Feb-18 Mar-18 Apr-18 May-18 May-18 Jun-18 Jul-18 Jul-18 Aug-18


US Total Working Gas Storage - Source - EIA
2018
2017
2016
3 Yr Avg
5 Yr Avg
Forecast
Max
Min
BCF
4,200
4,000
3,800
3,600
3,400
3,200
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,400
1,200
1,000
800
600
5-Jan
19-Jan
2-Feb
16-Feb
2-Mar
16-Mar
30-Mar
13-Apr
27-Apr
11-May
25-May
8-Jun
22-Jun
6-Jul
20-Jul
3-Aug
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14-Sep
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12-Oct
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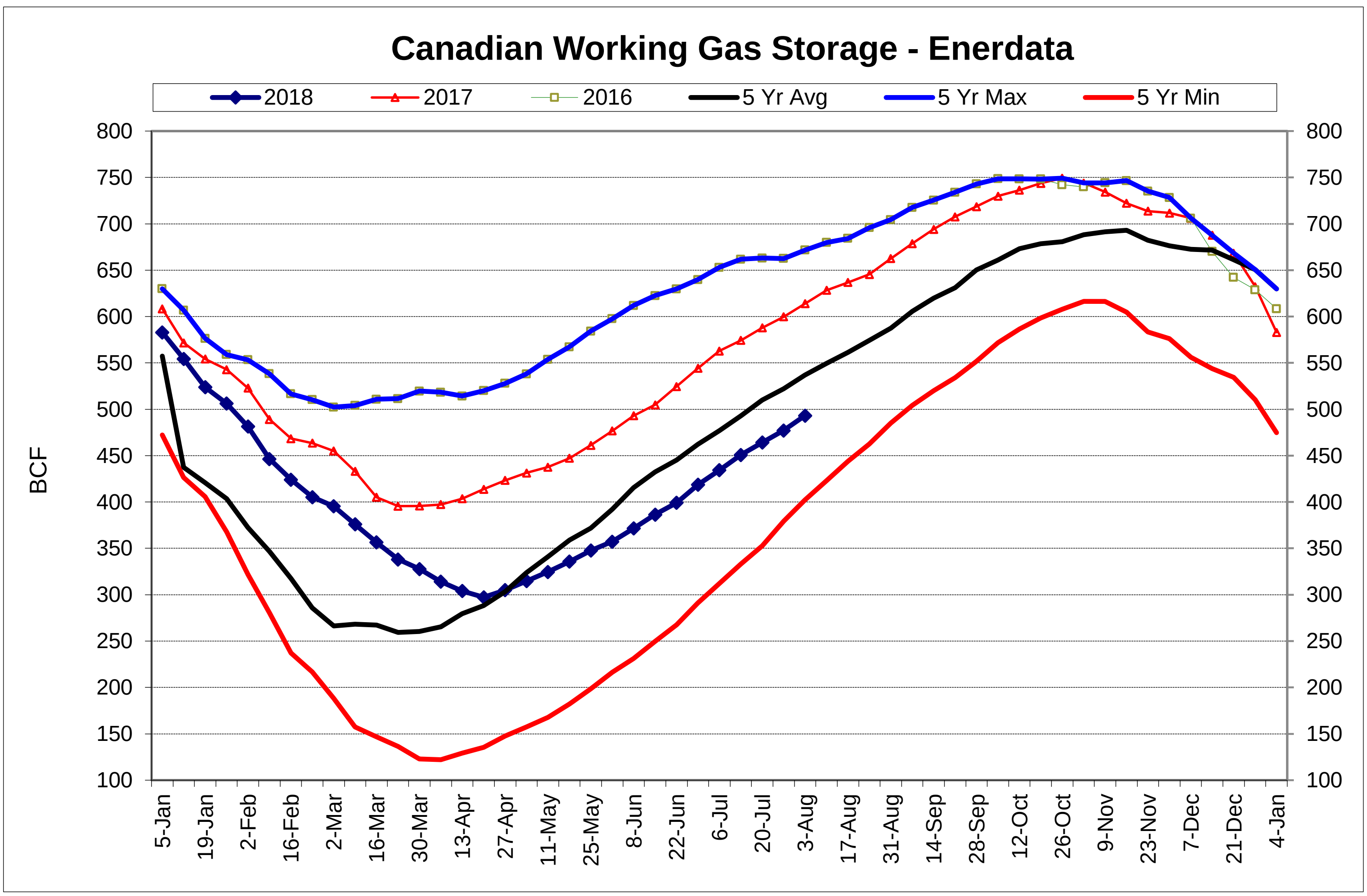
23-Nov
7-Dec
21-Dec
4-Jan


Canadian Working Gas Storage - Enerdata
2018
2017
2016
5 Yr Avg
5 Yr Max
5 Yr Min
BCF
800
750
700
650
600
550
500
450
400
350
300
250
200
150
100
5-Jan
19-Jan
2-Feb
16-Feb
2-Mar
16-Mar
30-Mar
13-Apr
27-Apr
11-May
25-May
8-Jun
22-Jun
6-Jul
20-Jul
3-Aug
17-Aug
31-Aug
14-Sep
28-Sep
12-Oct
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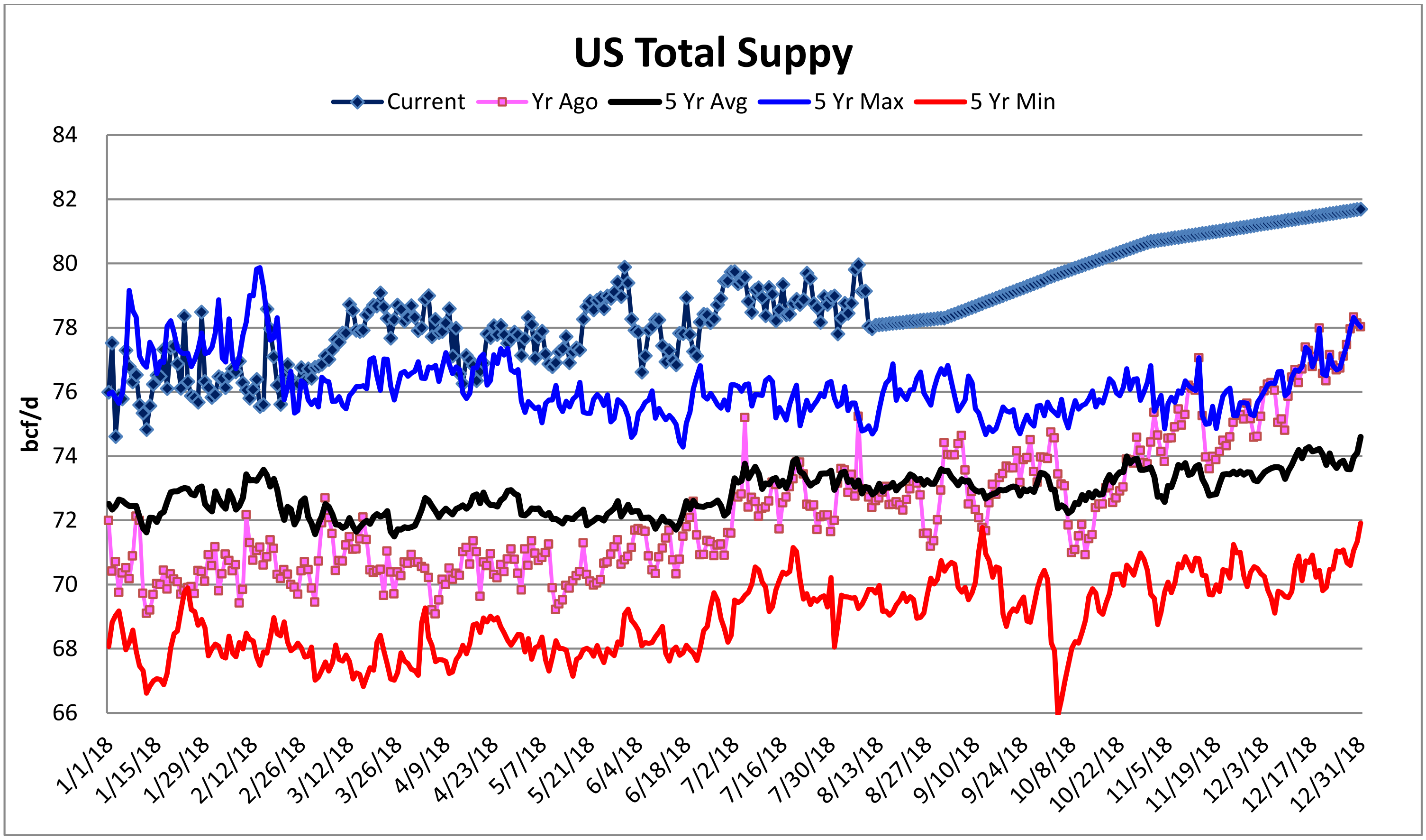
9-Nov
23-Nov
7-Dec
21-Dec
4-Jan


US Total Suppy
Current
Yr Ago
5 Yr Avg
5 Yr Max
5 Yr Min
bcf/d
84
82
80
78
76
74
72
70
68
66
1/1/18
1/15/18
1/29/18
2/12/18
2/26/18
3/12/18
3/26/18
4/9/18
4/23/18
5/7/18
5/21/18
6/4/18
6/18/18
7/2/18
7/16/18
7/30/18
8/13/18
8/27/18
9/10/18
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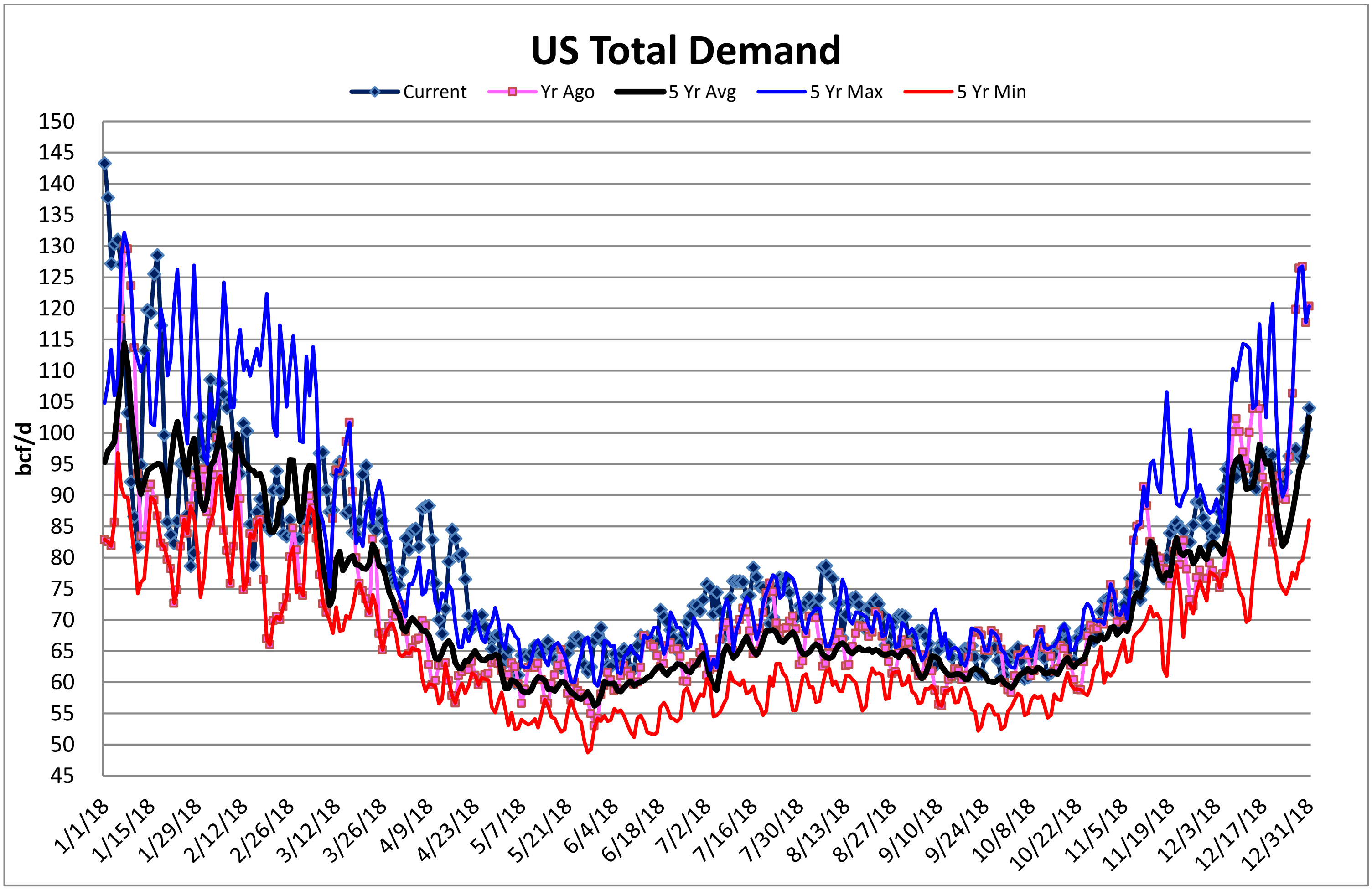
11/5/18
11/19/18
12/3/18
12/17/18
12/31/18


US Total Demand
Current
Yr Ago
5 Yr Avg
5 Yr Max
5 Yr Min
bcf/d
150
145
140
135
130
125
120
115
110
105
100
95
90
85
80
75
70
65
60
55
50
45
1/1/18
1/15/18
1/29/18
2/12/18
2/26/18
3/12/18
3/26/18
4/9/18
4/23/18
5/7/18
5/21/18
6/4/18
6/18/18
7/2/18
7/16/18
7/30/18
8/13/18
8/27/18
9/10/18
9/24/18
10/8/18
10/22/18
11/5/18
11/19/18
12/3/18
12/17/18
12/31/18

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST