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***Week Ending August 17, 2018***

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

**Price Action:** The September contract rose 0.2 cents (0.1%) to \$2.946 on an 8.3 cent range (\$2.974/\$2.891).

**Price Outlook:** The market was barely higher as the first above expectation EIA storage report in weeks and the realization of summer cooling having past its peak restrained prices. However, above normal temperatures remain bullish and the storage deficit to the 5-year average may possibly expand through the end of August. National above normal temperatures start to become bearish in mid-September, depending on location. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 61,816 contract increase in the managed money net long position as longs added and shorts covered. Total open interest rose 65,291 to 3.780 million as of August 14. Aggregated CME futures open interest rose to 1.607 million as of August 17. This is a new record CME open interest. 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 August 10 indicated an injection of +33 bcf. Working gas inventories rose to 2,387 bcf. Current inventories fall (695) bcf (-22.6%) below last year and fall (587) bcf (-19.7%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was 5 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.

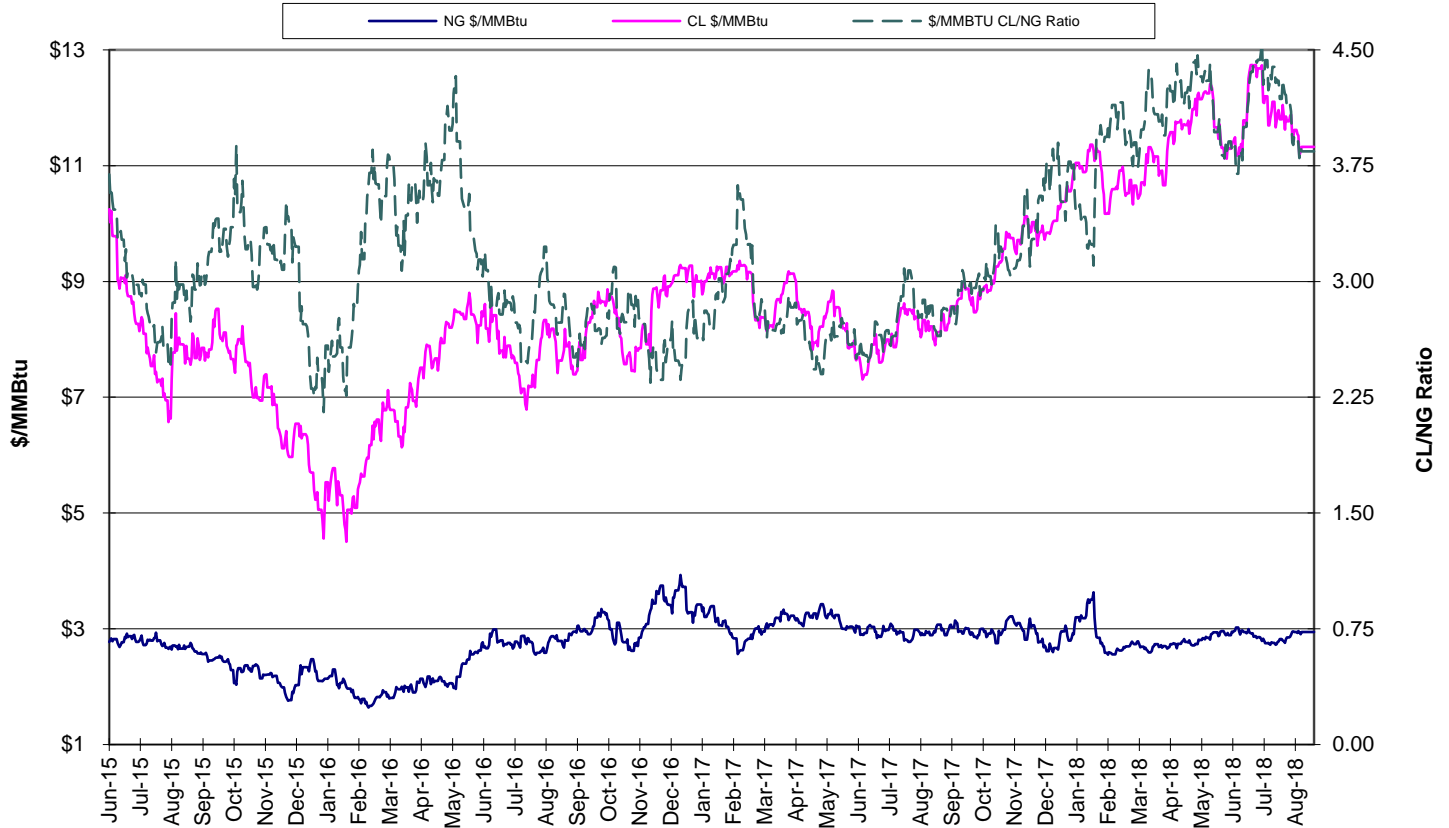
**Supply Trends:** Total supply rose 0.7 bcf/d to 79.0 bcf/d. US production rose. Canadian imports fell. LNG imports rose. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count was unchanged +0. Oil activity was unchanged +0. Natural gas activity was unchanged +0. The total US rig count now stands at 1,057. The Canadian rig count rose +3 to 212. Thus, the total North American rig count rose +3 to 1,269 and now exceeds last year by +109. The higher efficiency US horizontal rig count fell (2) to 922 and rises +123 above last year.

**Demand Trends:** Total demand rose +3.0 bcf/d to +74.8 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +4,549 gigawatt-hrs to 92,989 which exceeds last year by +8,920 (10.6%) and exceeds the 5-year average by 5,507 (6.3%).

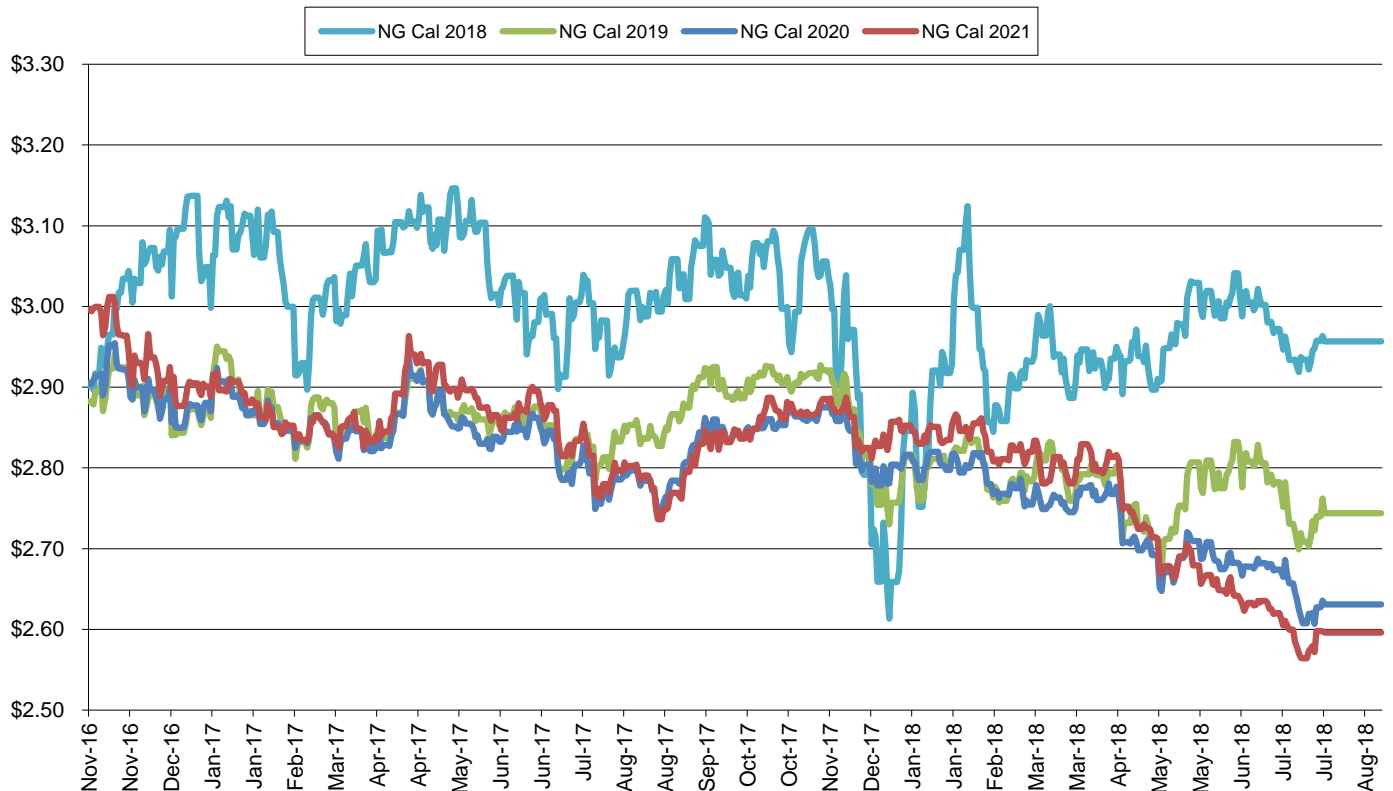
**Nuclear Generation:** Nuclear generation rose 108 MW in the reference week to 96,615 MW. This is +2,437 MW higher than last year and +2,334 MW higher than the 5-year average. Recent output was at 96,195 MW.

- The cooling season is now well past its midpoint. With a forecast through August 31 the 2018 total cooling index is at 4,860 compared to 4,194 for 2017, 5,039 for 2016, 3,739 for 2015, 2,952 for 2014, 4,204 for 2013, 6,777 for 2012 and 5,956 for 2011.

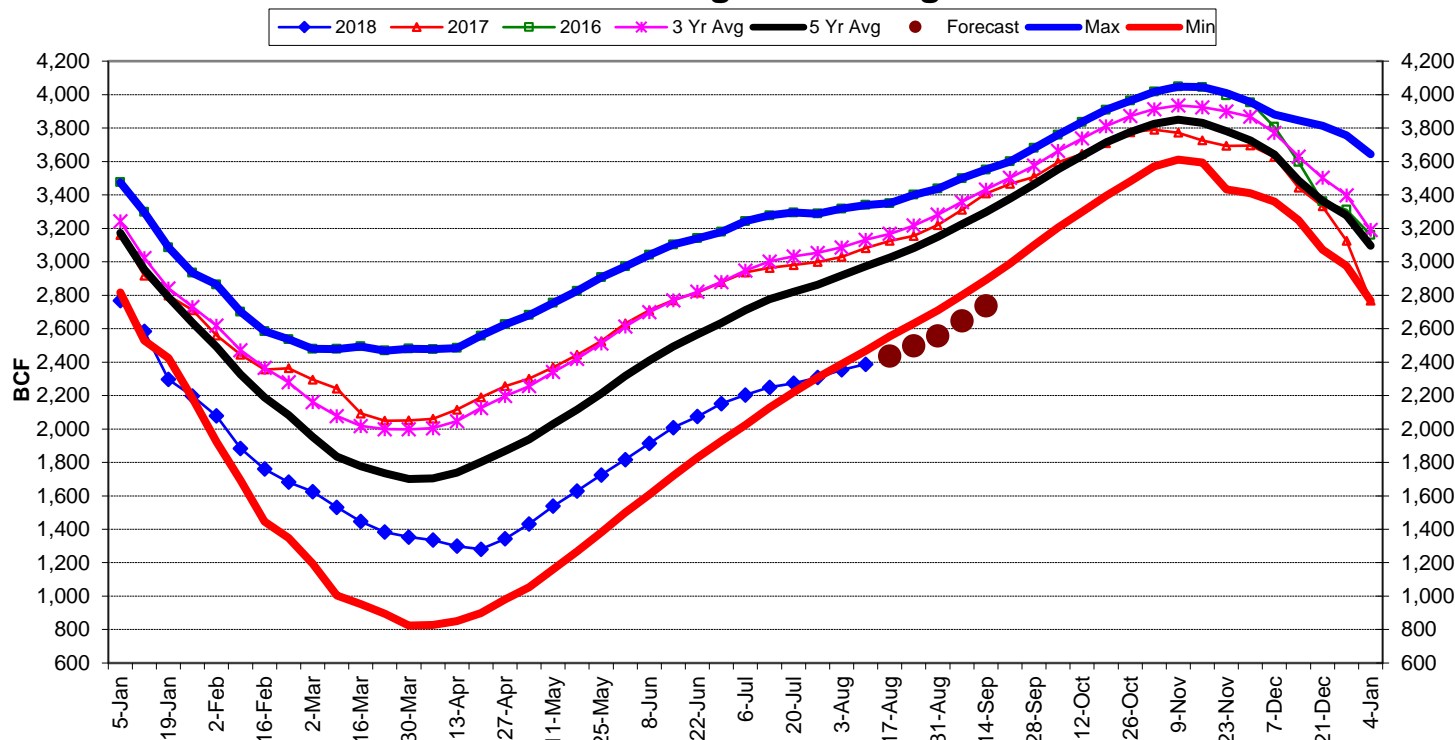
## \$/MMBtu Ratio of NYMEX CL and NG



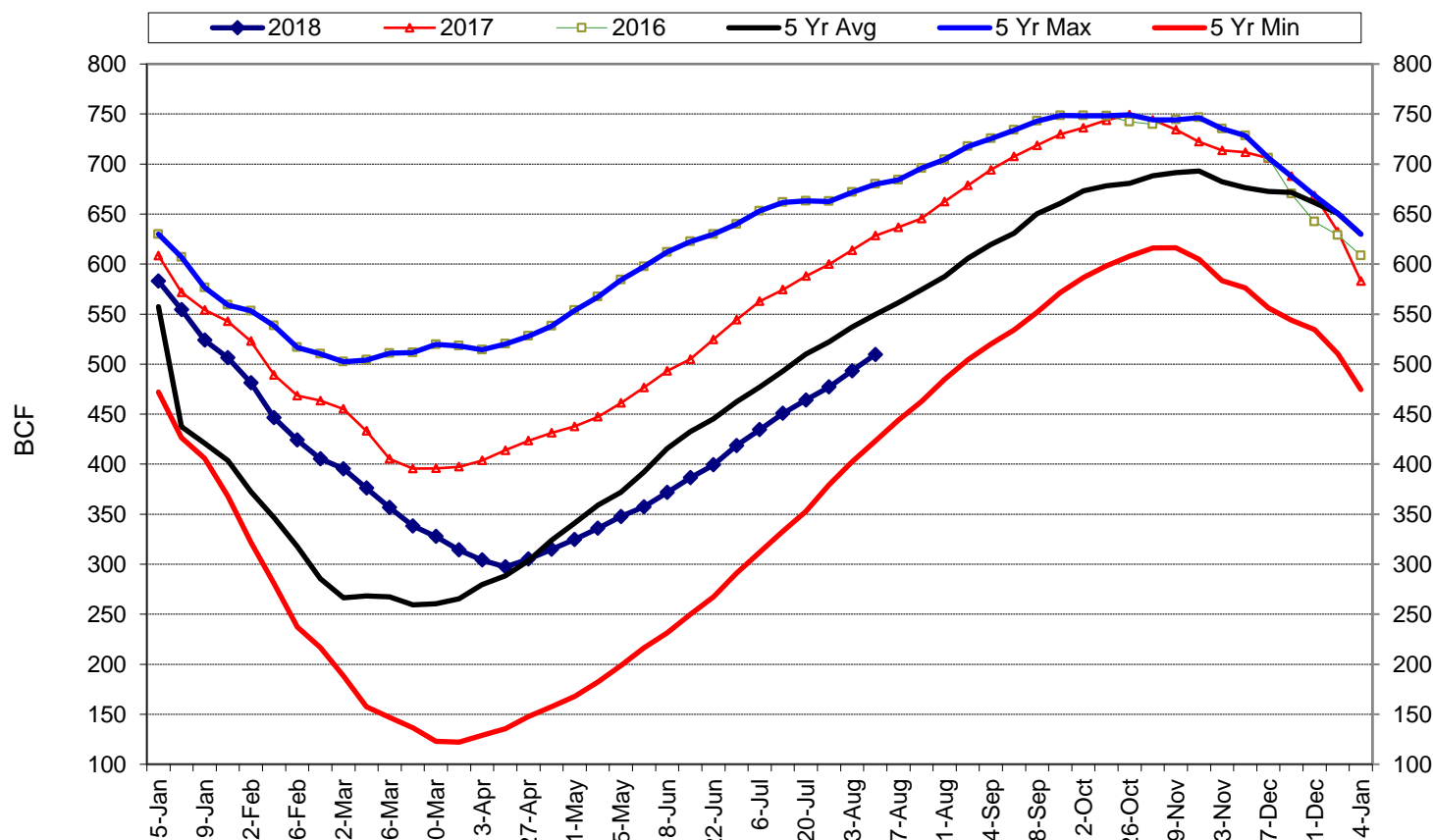
## NYMEX Calendar Strips



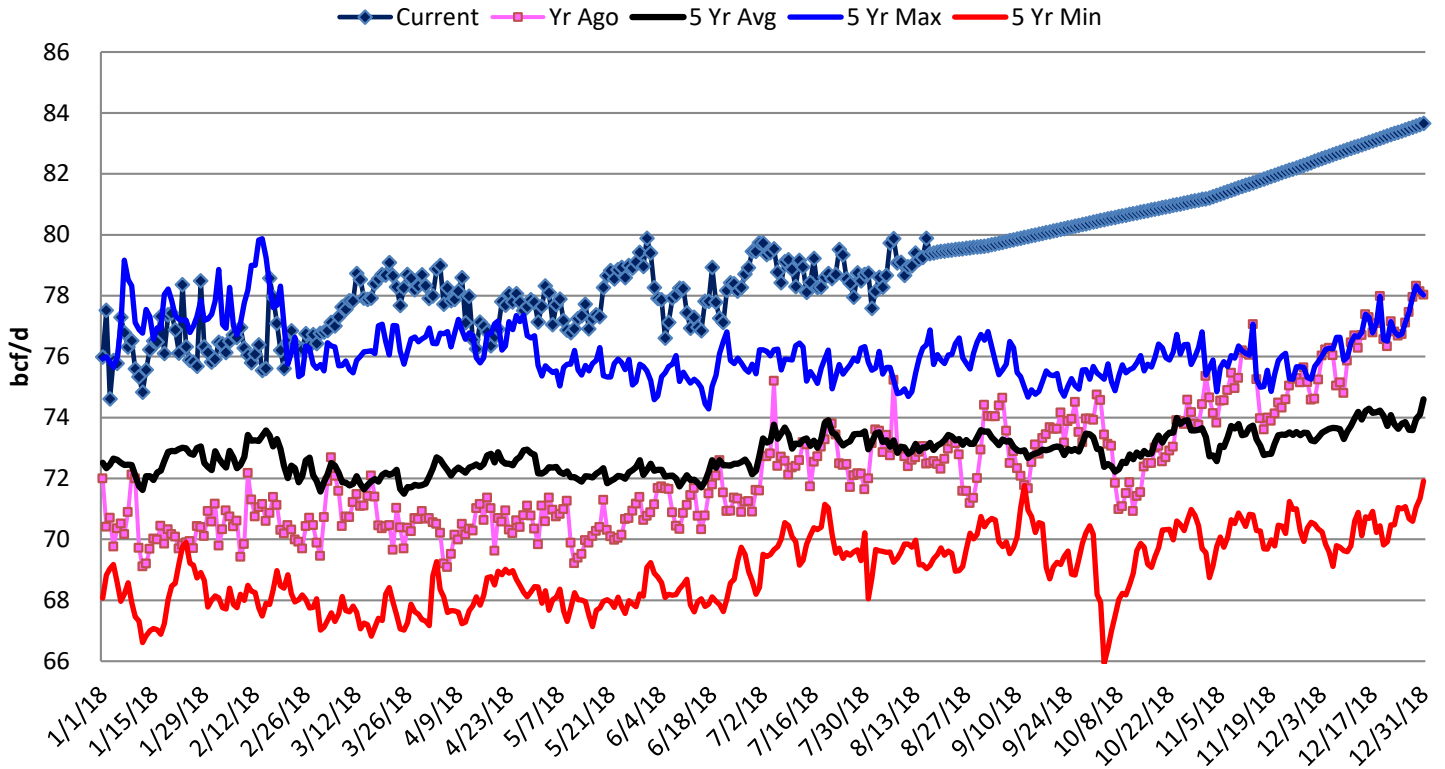
## US Total Working Gas Storage - Source - EIA



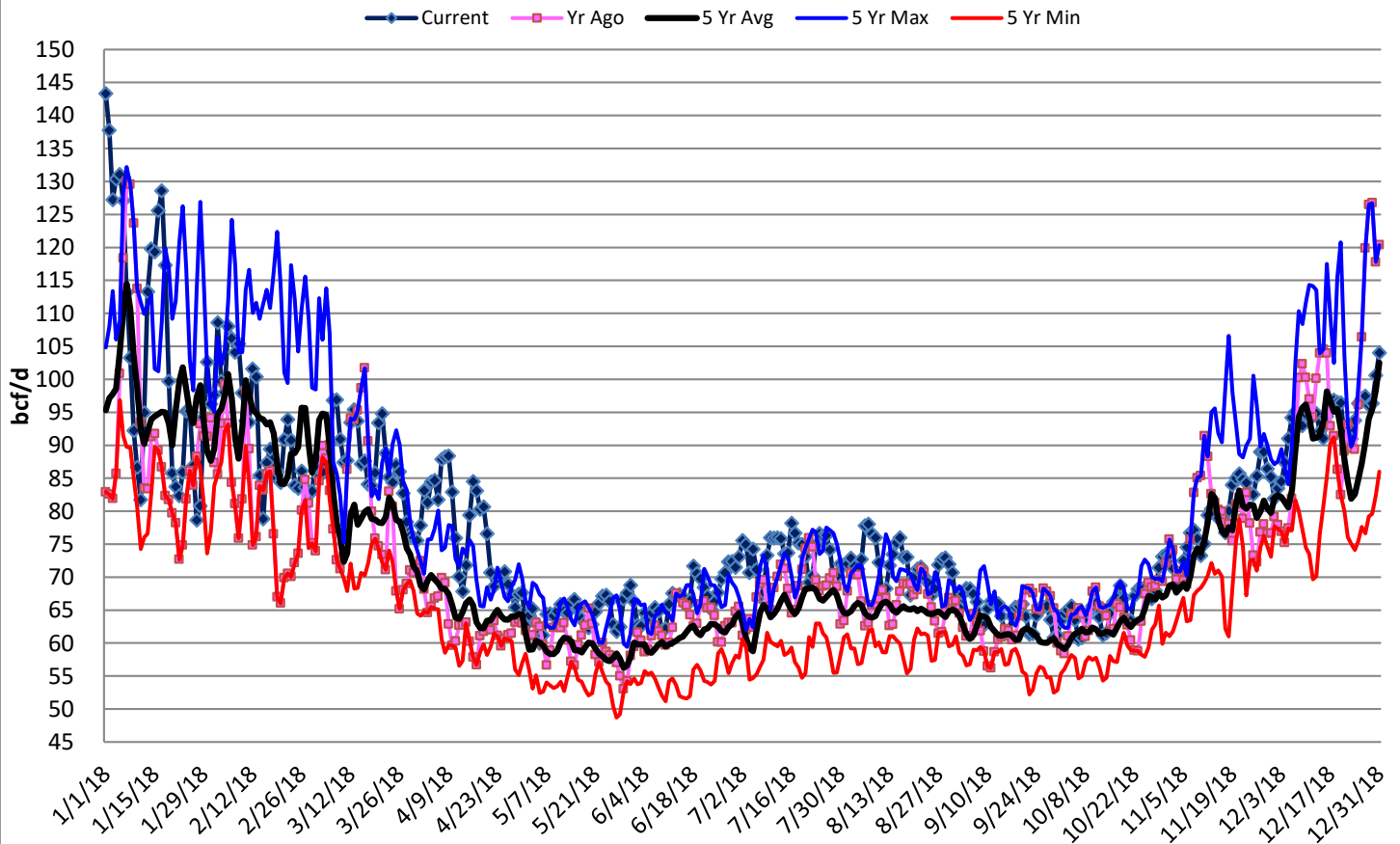
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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