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*Week Ending August 24, 2018*

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

**Price Action:** The September contract fell 2.9 cents (1.0%) to \$2.917 on a 9.0 cent range (\$2.993/\$2.903).

**Price Outlook:** Although prices fell on the week, early strength allowed the market to post a 5<sup>th</sup> consecutive weekly high. Since 2000, there have been 22 instances where the market posted a new high 5 weeks in a row. Of those, 12 witnessed yet another new weekly high. With heat still forecast that remains possible, although the weak close and current prices suggest a new low is more likely. Still, considering a modest weekly range of just 9 cents, to witness the market post both a new high and low would not be surprising. Until the storage deficit to the 5-year begins to contract, price downside is considered somewhat limited, recognizing overall sentiment remains bearish. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 27,980 contract increase in the managed money net long position as longs added and shorts covered. This is the largest net long position since June 19, 2018. Total open interest rose 48,410 to 3.829 million as of August 21. Aggregated CME futures open interest fell to 1.581 million as of August 24. 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 0.4 bcf.

**Weekly Storage:** US working gas storage for the week ending August 17 indicated an injection of +48 bcf. Working gas inventories rose to 2,435 bcf. Current inventories fall (690) bcf (-22.1%) below last year and fall (589) bcf (-19.5%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was (6) 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.

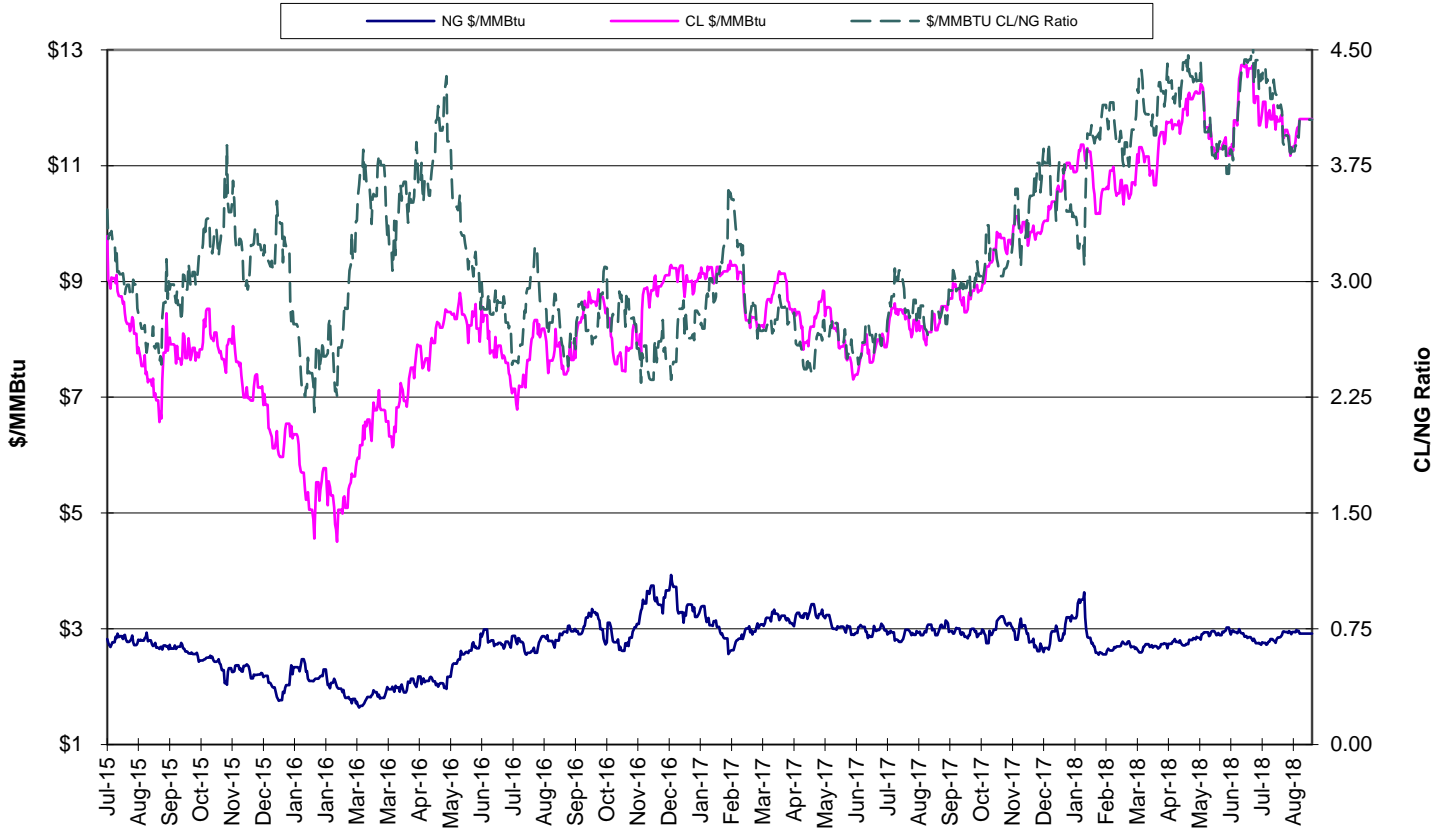
**Supply Trends:** Total supply rose 0.2 bcf/d to 79.2 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (13). Oil activity decreased (9). Natural gas activity decreased (4). The total US rig count now stands at 1,044. The Canadian rig count rose +17 to 229. Thus, the total North American rig count rose +4 to 1,273 and now exceeds last year by +116. The higher efficiency US horizontal rig count fell (3) to 919 and rises +123 above last year.

**Demand Trends:** Total demand fell (2.9) bcf/d to +72.0 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand fell. Electricity demand fell (1,928) gigawatt-hrs to 91,061 which exceeds last year by +3,271 (3.7%) and exceeds the 5-year average by 4,935 (5.7%).

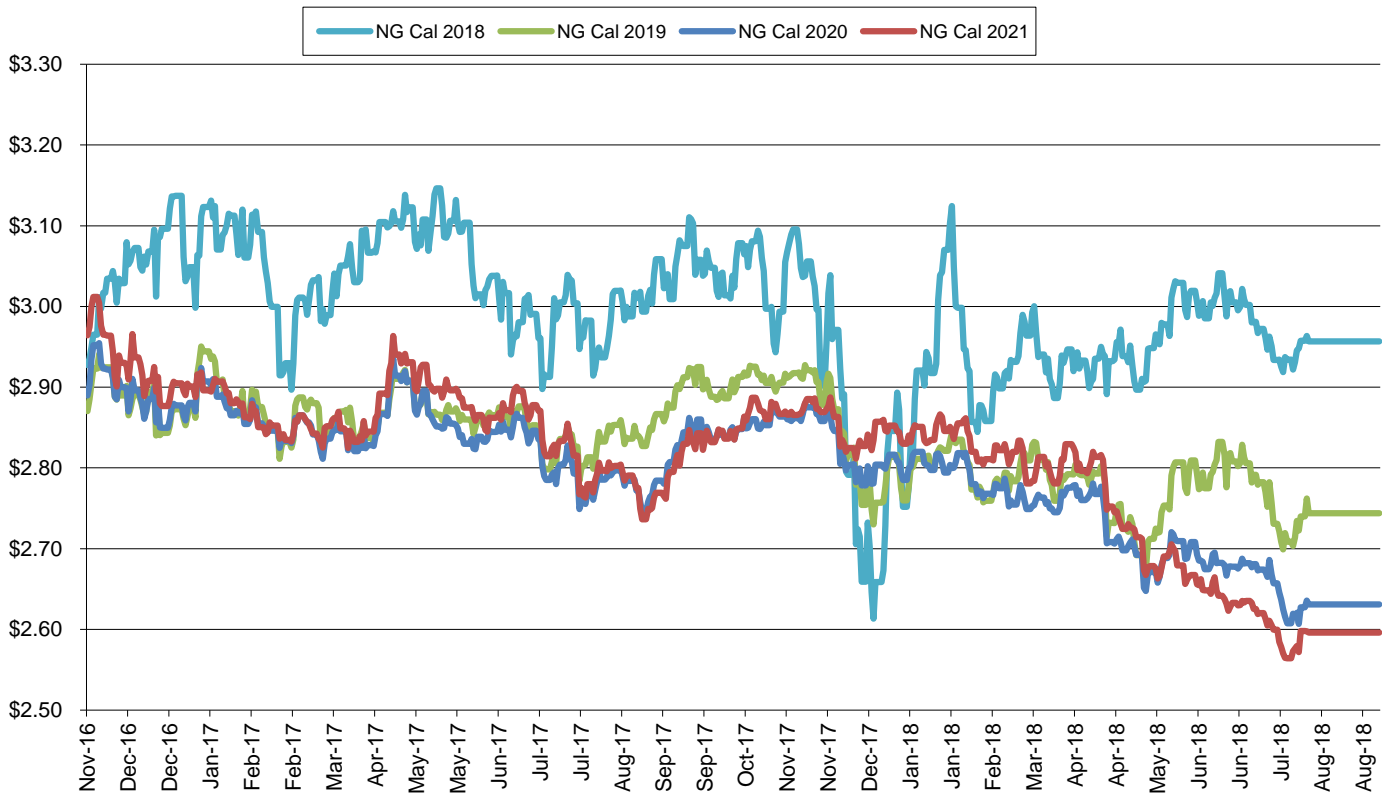
**Nuclear Generation:** Nuclear generation fell (809) MW in the reference week to 95,806 MW. This is (946) MW lower than last year and +263 MW higher than the 5-year average. Recent output was at 93,834 MW.

- The cooling season is now entering its final stretch. With a forecast through September 7 the 2018 total cooling index is at 5,022 compared to 4,483 for 2017, 5,176 for 2016, 3,966 for 2015, 3,188 for 2014, 4,475 for 2013, 7,011 for 2012 and 6,347 for 2011.

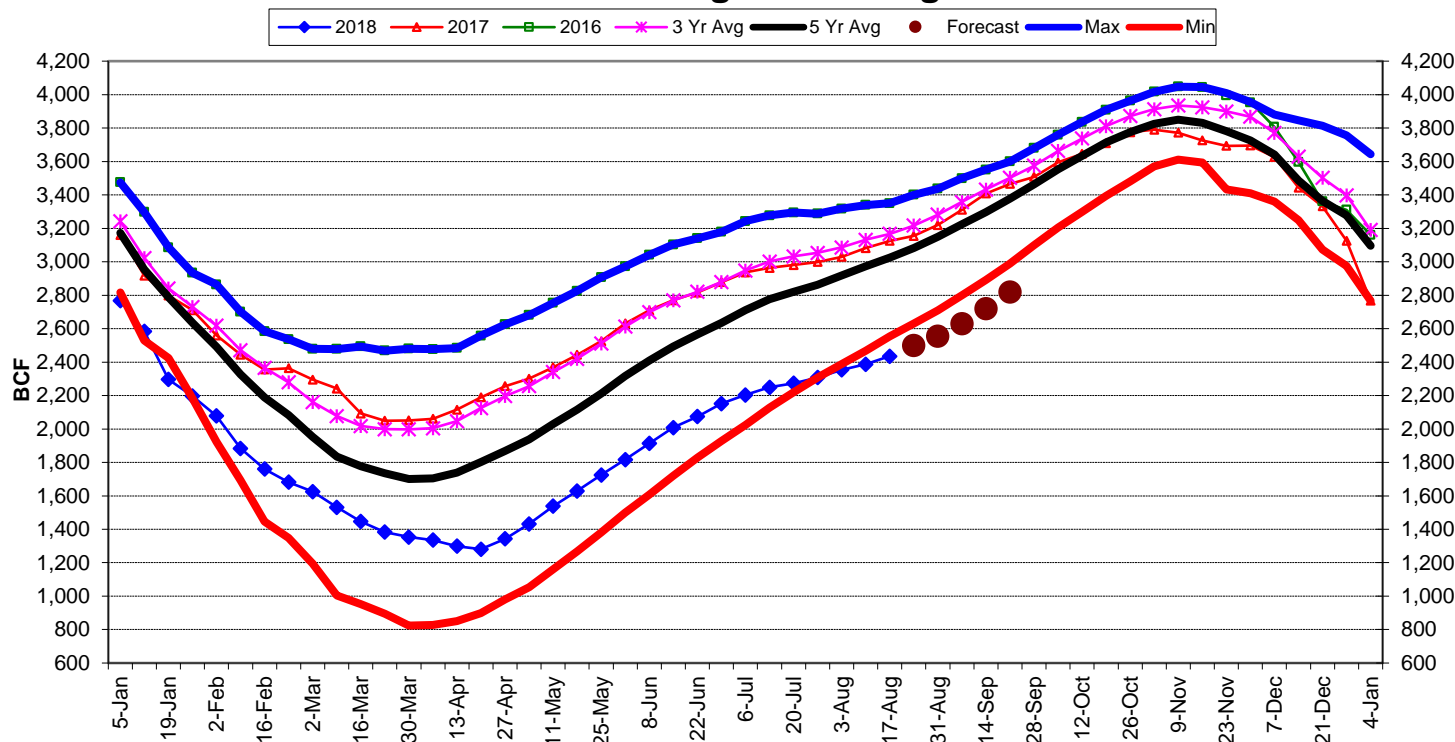
## \$/MMBtu Ratio of NYMEX CL and NG



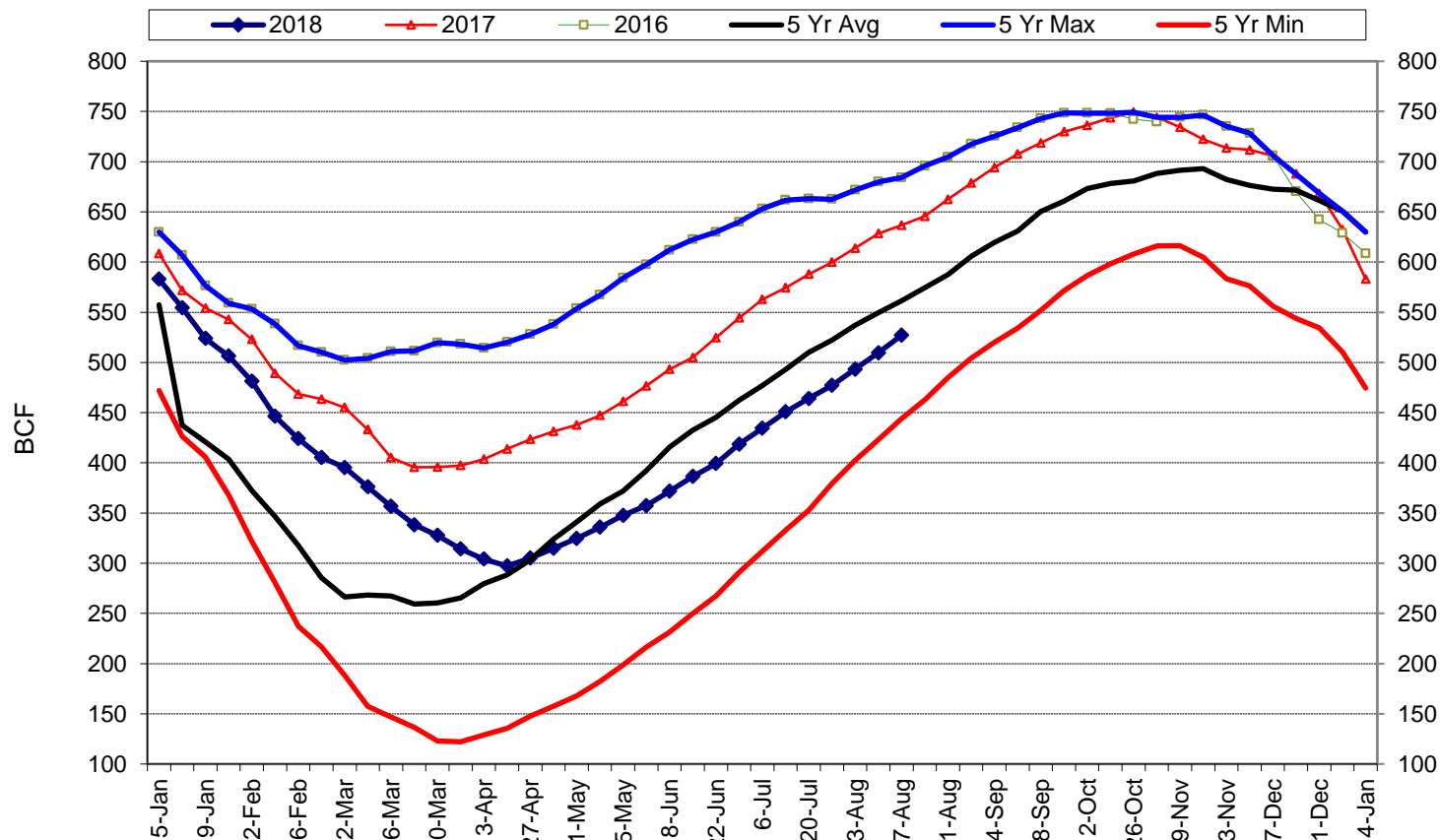
## NYMEX Calendar Strips



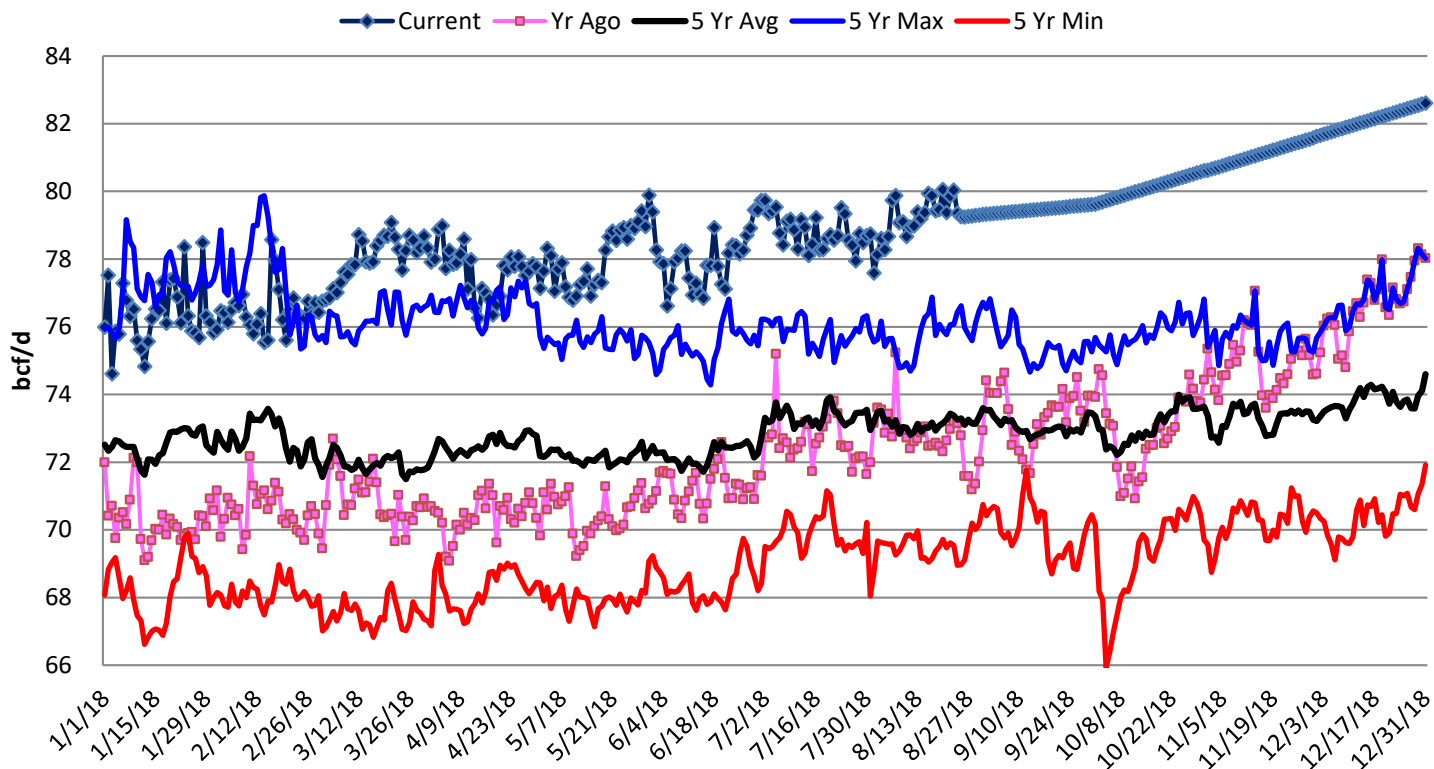
## US Total Working Gas Storage - Source - EIA



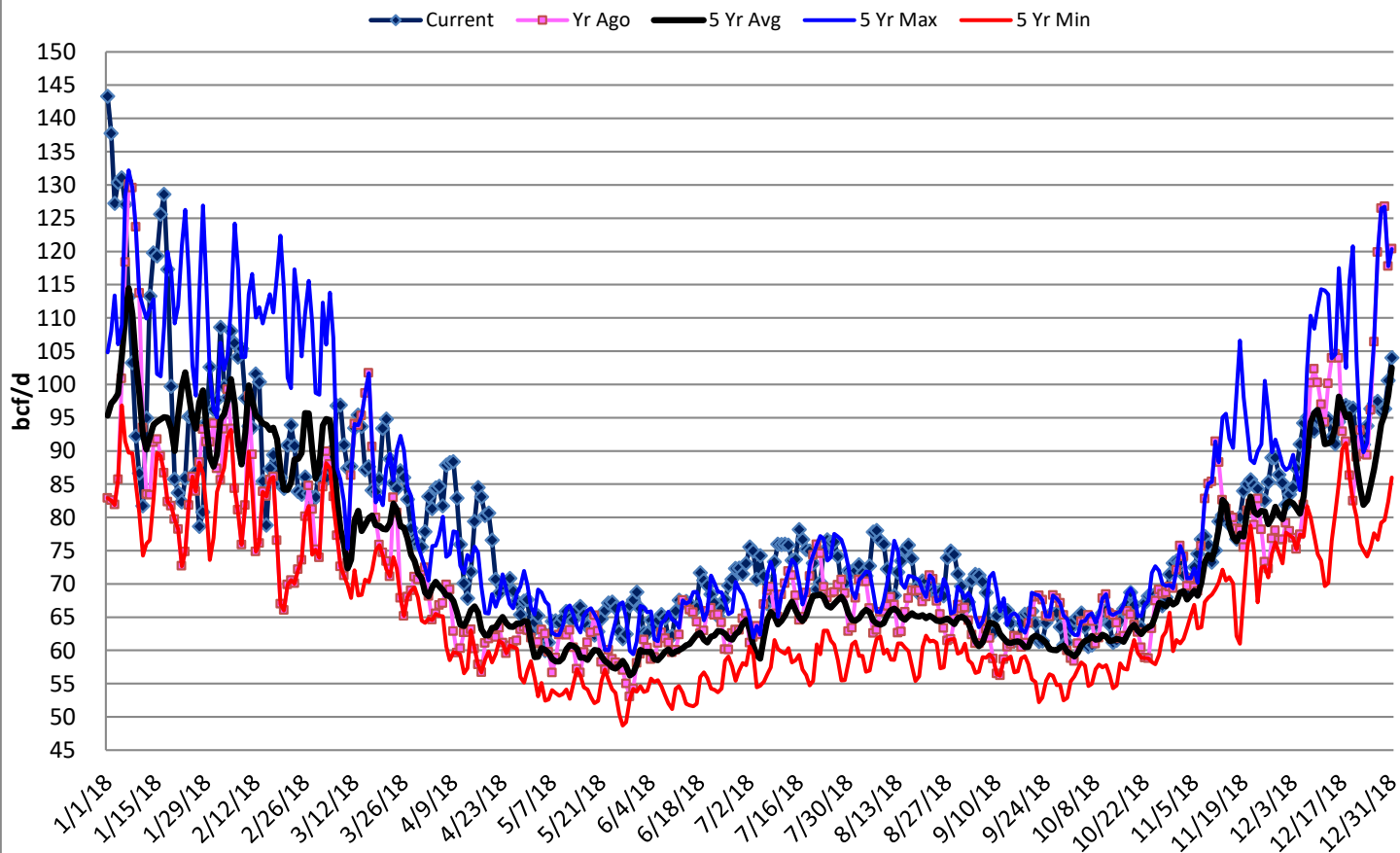
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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