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**Week Ending September 14, 2018**

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

**Price Action:** The October contract fell 0.9 cents (0.3%) to \$2.767 on an 11.7 cent range (\$2.869/\$2.752).

**Price Outlook:** Weather forecasts continue to moderate as cooling demand, even the South, begin to fade. Below normal temperature in Northern cities will soon be considered bullish and winter forecasts from leading vendors will likely begin to influence the market. While moderating temperatures and increasing storage injections may limit price upside, still massive storage deficits and solid demand may also provide support. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (45,241) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the lowest long position since January 5, 2016. Total open interest rose 24,152 to 3.854 million as of September 11. Aggregated CME futures open interest fell to 1.656 million as of September 14. The current weather forecast is now warmer than 6 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 0.3 bcf.

**Weekly Storage:** US working gas storage for the week ending September 7 indicated an injection of +69 bcf. Working gas inventories rose to 2,636 bcf. Current inventories fall (675) bcf (-20.4%) below last year and fall (589) bcf (-18.3%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was 5 bcf from our EIA storage estimate. Although our weekly storage error has been somewhat disappointing, over the last 5 weeks the EIA has reported total injections of 232 bcf compared to our 233 bcf estimate and that is more than acceptable. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

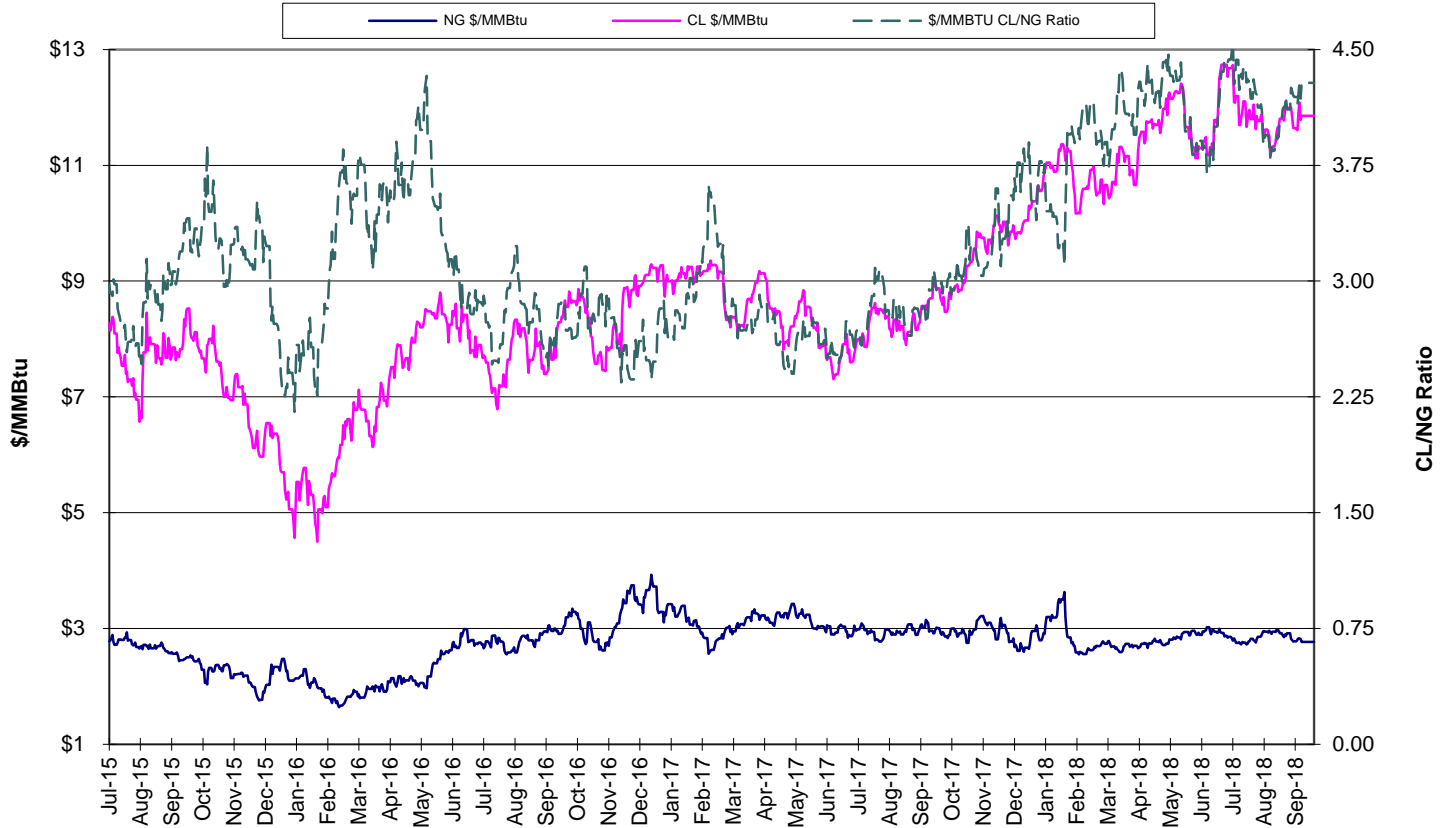
**Supply Trends:** Total supply fell (0.4) bcf/d to 80.1 bcf/d. US production rose. Canadian imports fell. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +7. Oil activity increased +7. Natural gas activity was unchanged +0. The total US rig count now stands at 1,055. The Canadian rig count rose +22 to 226. Thus, the total North American rig count rose +29 to 1,281 and now exceeds last year by +133. The higher efficiency US horizontal rig count rose +3 to 921 and rises +126 above last year.

**Demand Trends:** Total demand fell (0.3) bcf/d to +72.1 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand rose. Electricity demand fell (3,140) gigawatt-hrs to 86,716 which exceeds last year by +11,311 (15.0%) and exceeds the 5-year average by 3,842 (4.6%%).

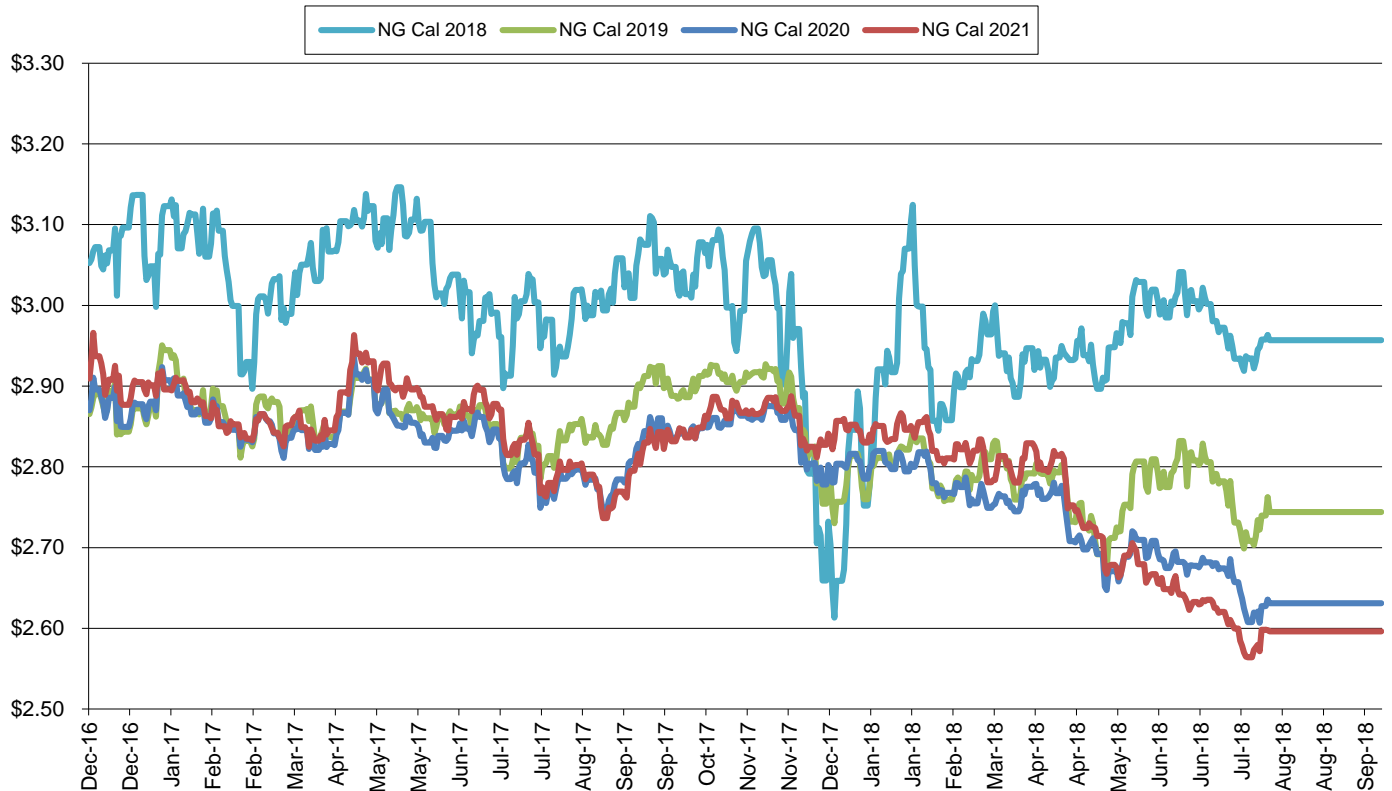
**Nuclear Generation:** Nuclear generation rose 413 MW in the reference week to 94,469 MW. This is +816 MW higher than last year and (200) MW lower than the 5-year average. Recent output was at 90,208 MW.

- The cooling season is now entering its final stretch. With a forecast through September 28 the 2018 total cooling index is at 5,420 compared to 4,779 for 2017, 5,483 for 2016, 4,294 for 2015, 3,370 for 2014, 4,804 for 2013, 7,146 for 2012 and 6,677 for 2011.

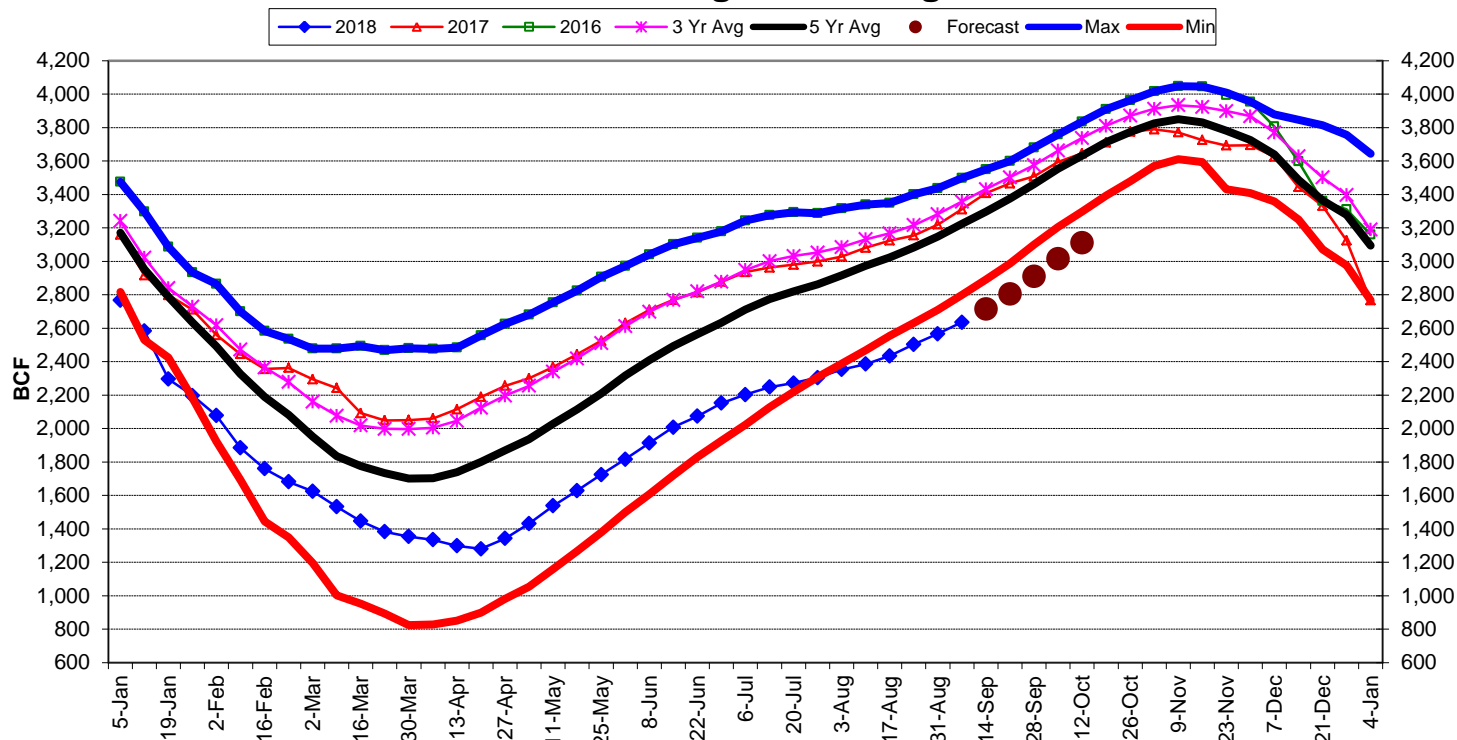
## \$/MMBtu Ratio of NYMEX CL and NG



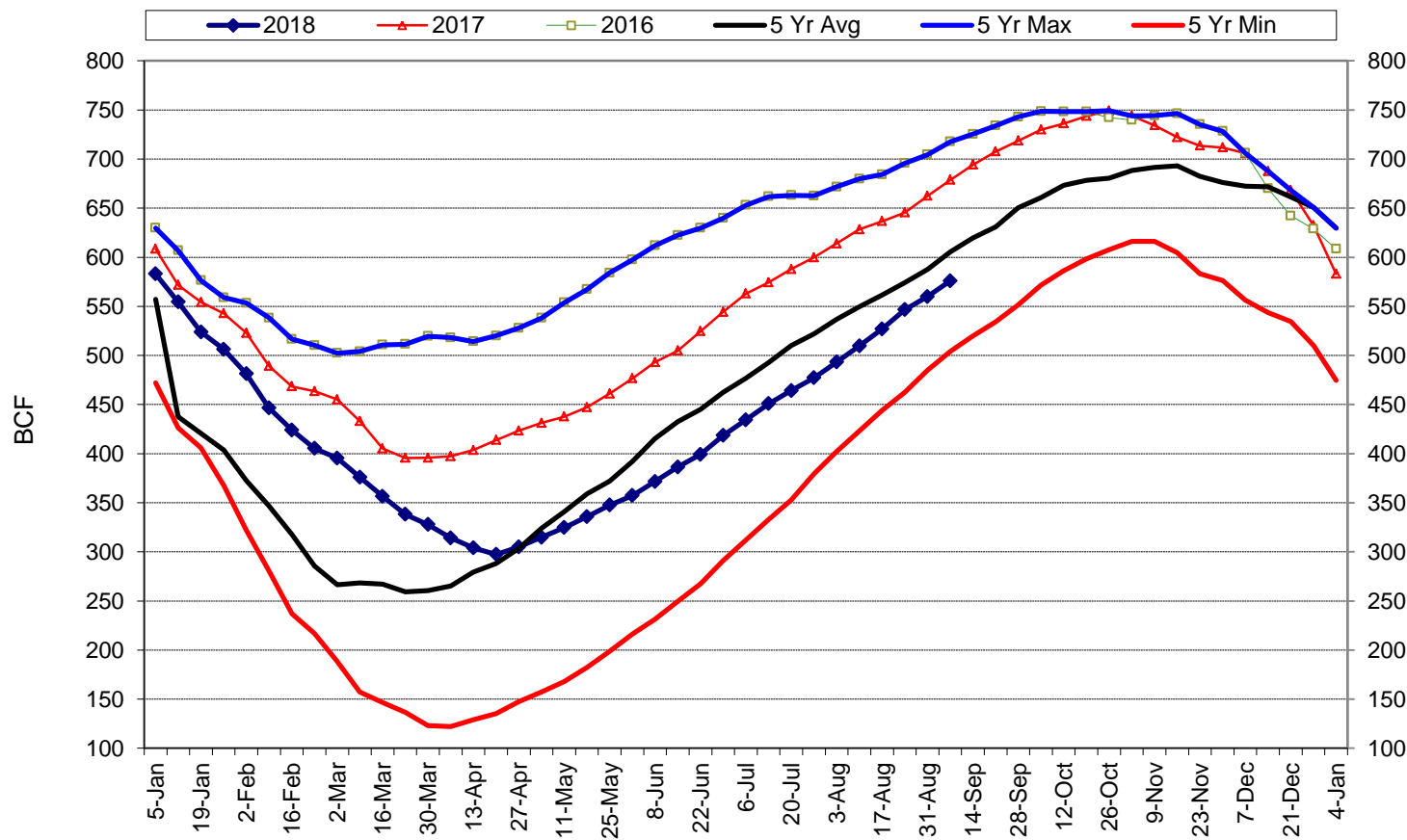
## NYMEX Calendar Strips



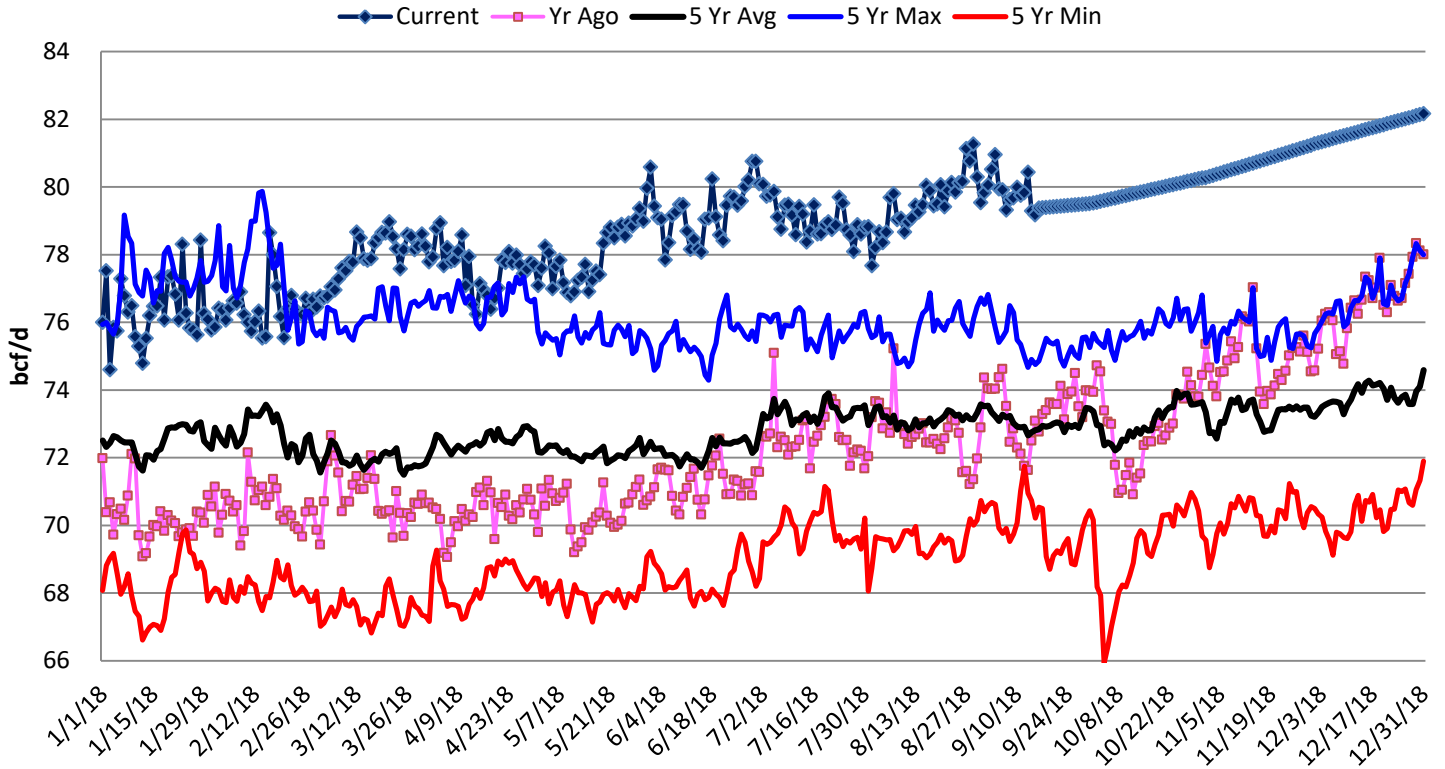
## US Total Working Gas Storage - Source - EIA



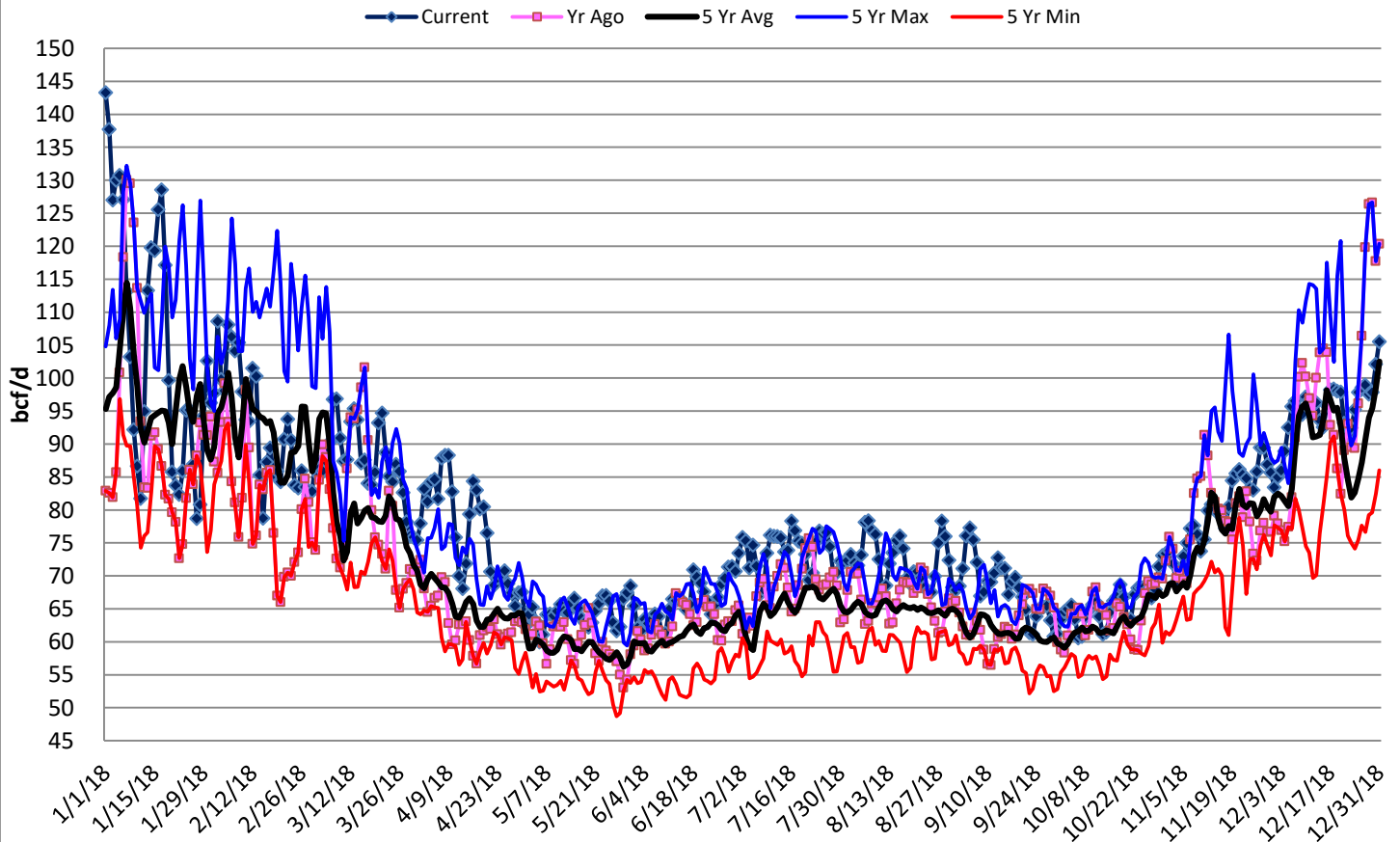
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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