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*Week Ending September 21, 2018*

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

**Price Action:** The October surged 21.0 cents (7.6%) to \$2.978 on a 21.9 cent range (\$2.991/\$2.772).

**Price Outlook:** Prices surged despite a larger than expected EIA storage injection as physical data turned very bullish and suggested a very low injection next week. While some of the increase was power related as nuclear output fell, there was also a longer term structural component that has longer lasting bullish implications. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a (25,024) 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. This is the largest short position since July 31, 2018. Total open interest rose 83,522 to 3.937 million as of September 18. Aggregated CME futures open interest fell to 1.650 million as of September 21. **The current weather forecast is now cooler than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's export facility were at 3.0 bcf. Cove Point is net exporting 0.0 bcf.**

**Weekly Storage:** US working gas storage for the week ending September 14 indicated an injection of +86 bcf. Working gas inventories rose to 2,722 bcf. Current inventories fall (686) bcf (-20.1%) below last year and fall (575) bcf (-17.4%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was 6 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 336 bcf compared to our 323 bcf estimate and that is more tolerable. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

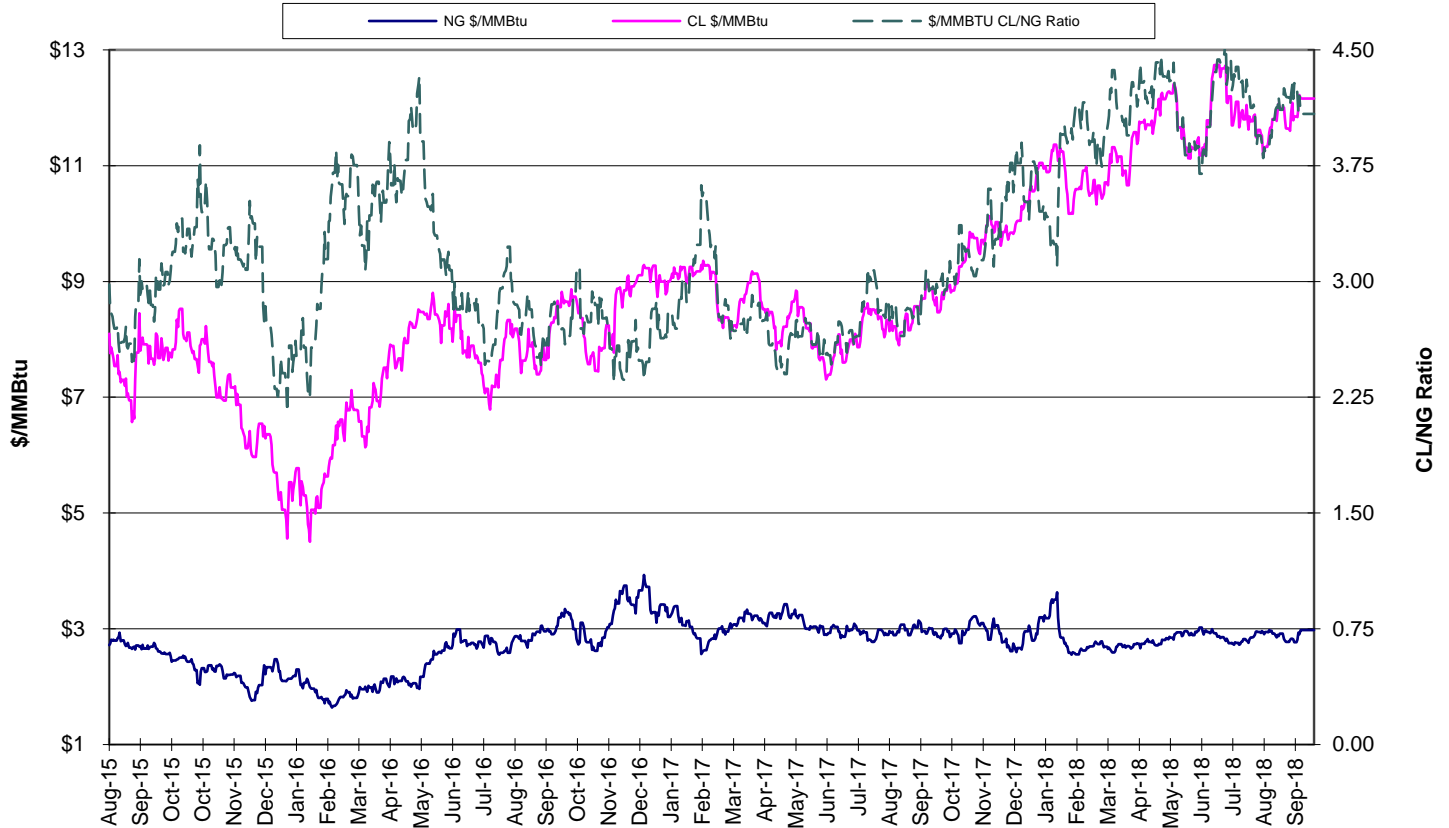
**Supply Trends:** Total supply fell (0.3) bcf/d to 79.8 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (2). Oil activity decreased (1). Natural gas activity was unchanged +0. The total US rig count now stands at 1,053. The Canadian rig count fell (29) to 197. Thus, the total North American rig count fell (31) to 1,250 and now exceeds last year by +95. **The higher efficiency US horizontal rig count fell (2) to 919 and rises +129 above last year.**

**Demand Trends:** Total demand fell (2.6) bcf/d to +68.0 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand fell. Electricity demand fell (7,119) gigawatt-hrs to 79,597 which exceeds last year by +4,346 (5.8%) and exceeds the 5-year average by 722 (0.9%).

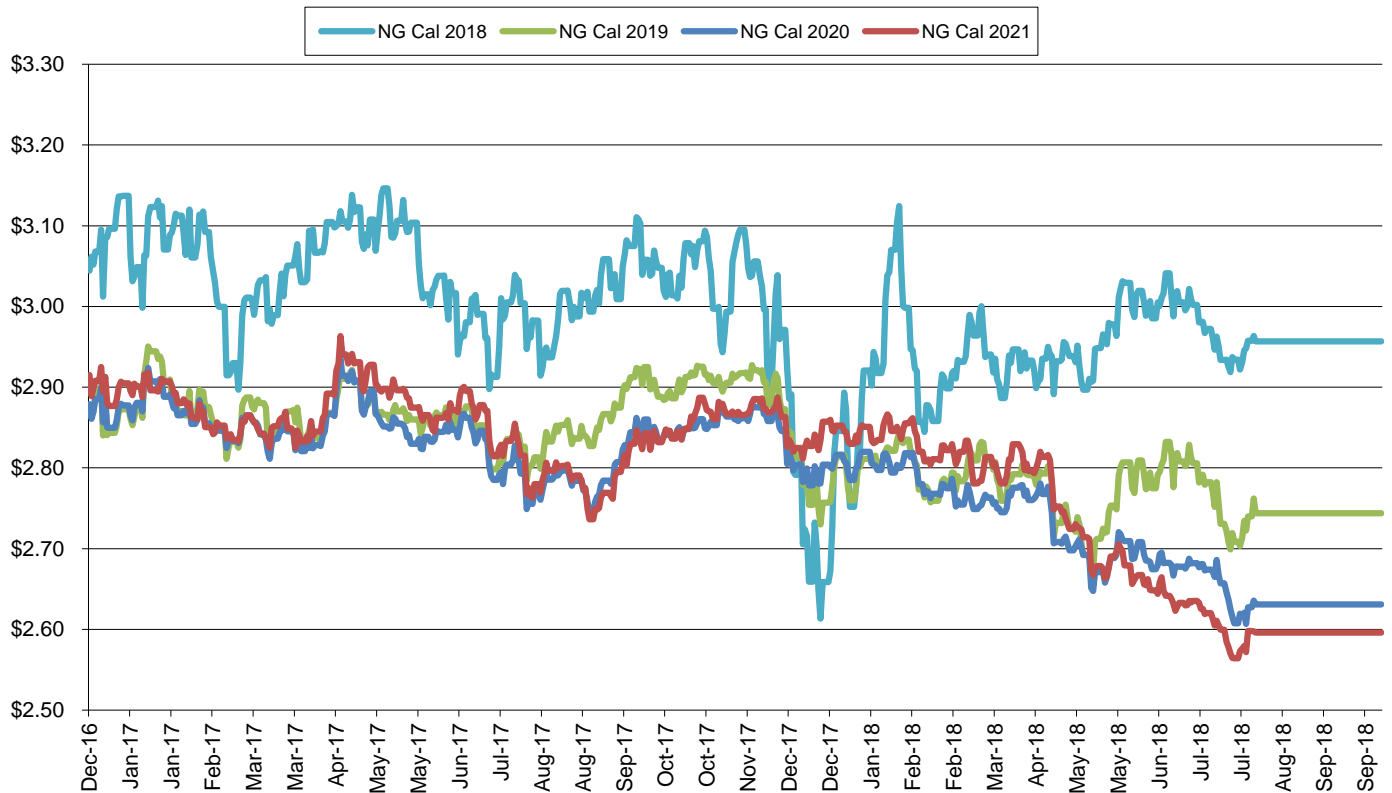
**Nuclear Generation:** Nuclear generation fell (1,819) MW in the reference week to 92,651 MW. This is (494) MW lower than last year and +1,014 MW higher than the 5-year average. **Recent output was at 84,368 MW.**

- The cooling season is now entering its final stretch. With a forecast through October 5 the 2018 total cooling index is at 5,568 compared to 4,779 for 2017, 5,483 for 2016, 4,322 for 2015, 3,420 for 2014, 4,807 for 2013, 7,205 for 2012 and 6,706 for 2011.

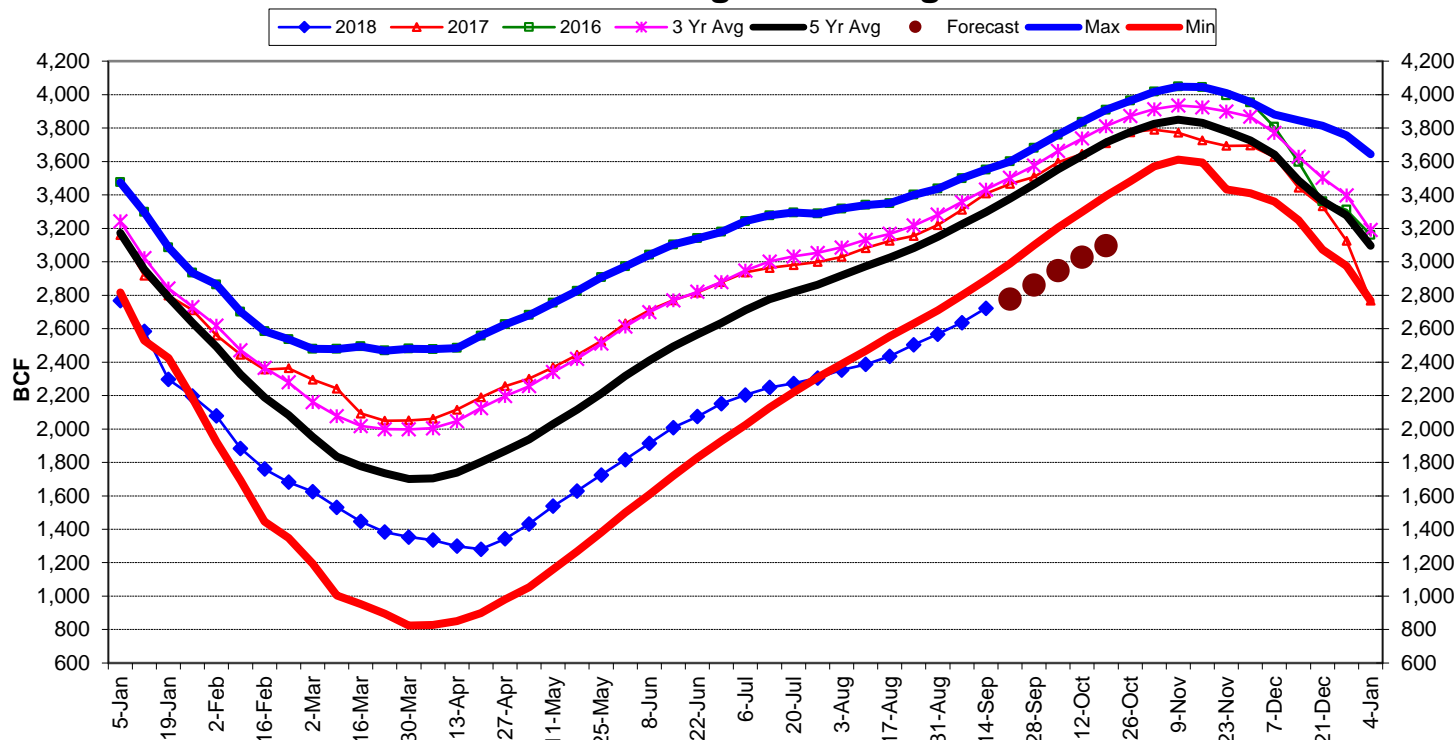
## \$/MMBtu Ratio of NYMEX CL and NG



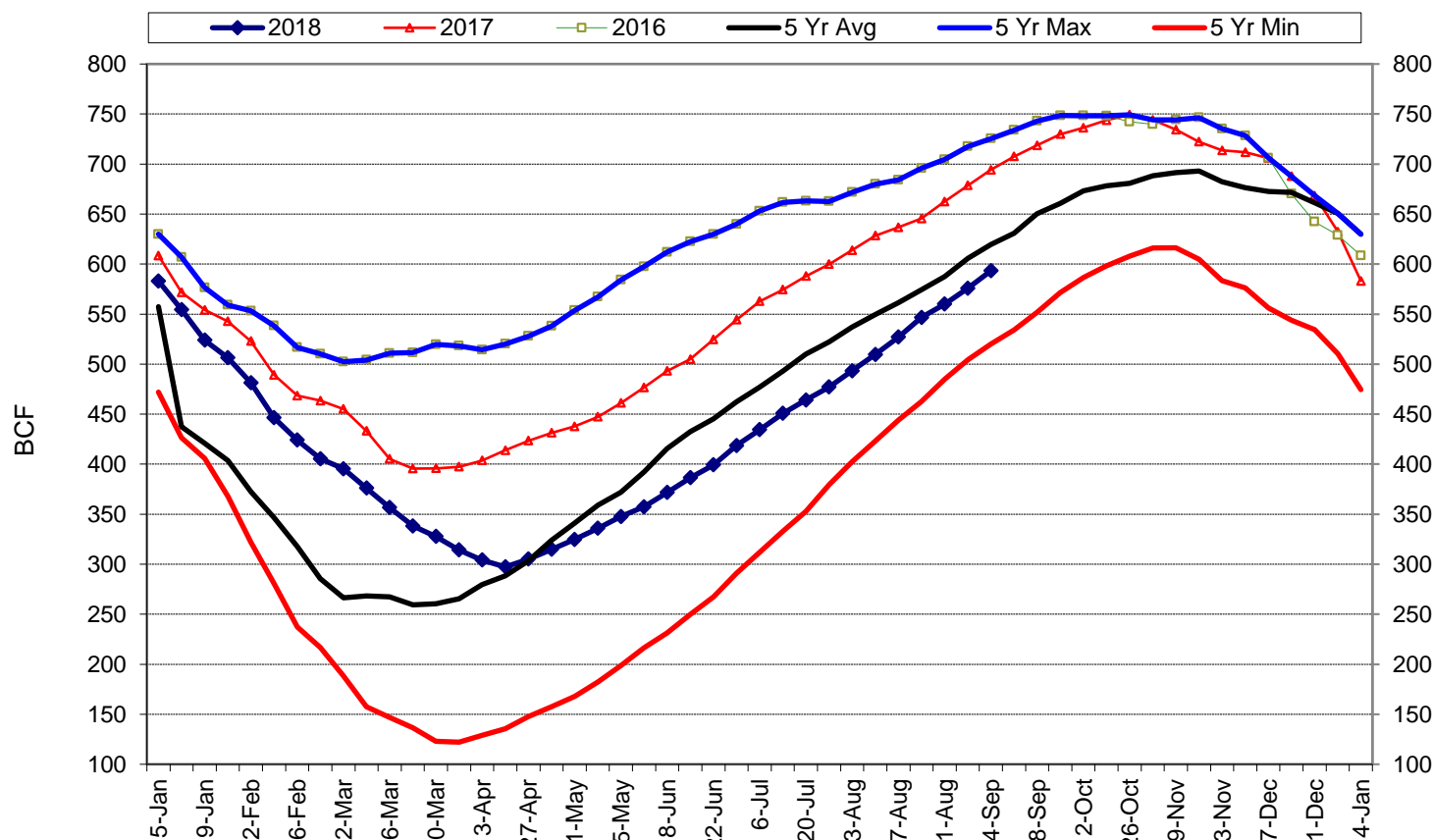
## NYMEX Calendar Strips



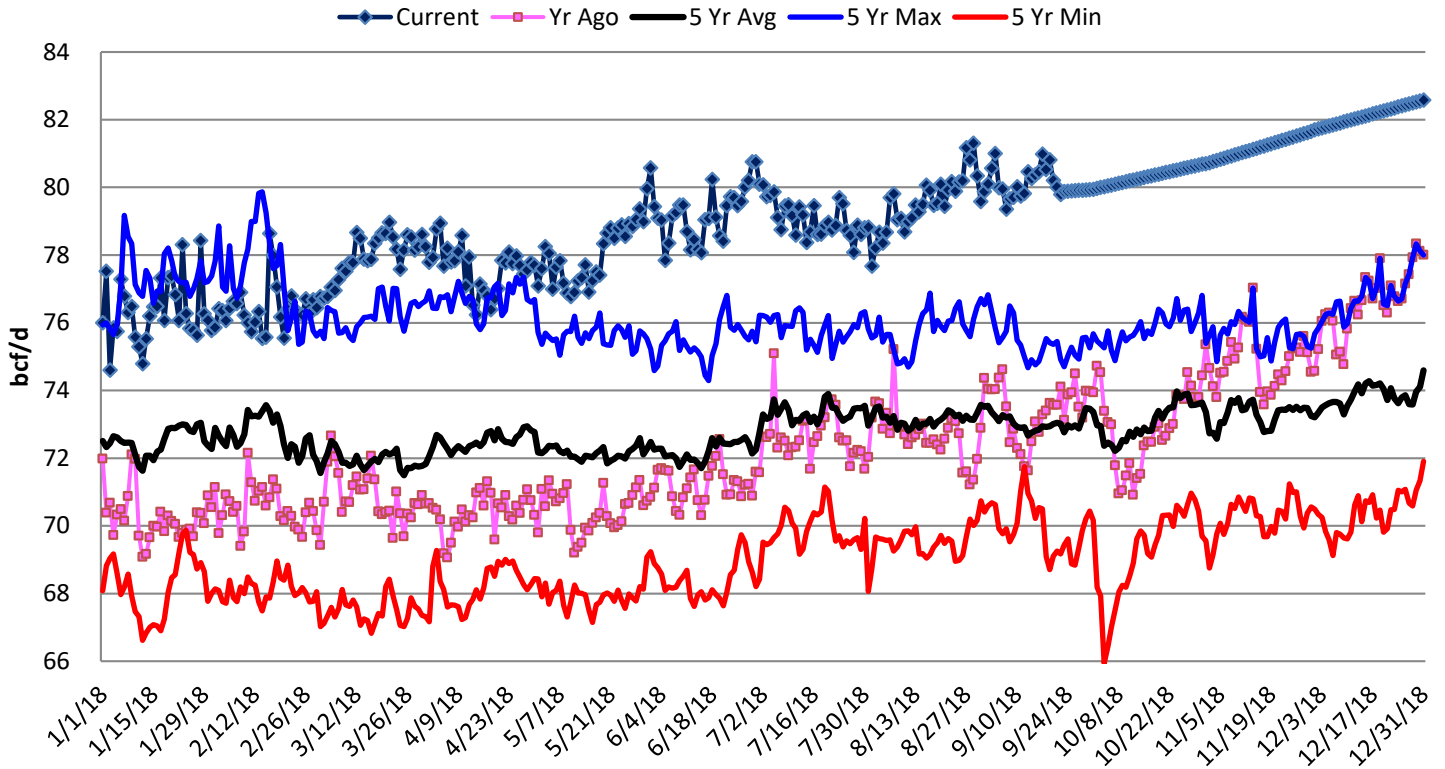
## US Total Working Gas Storage - Source - EIA



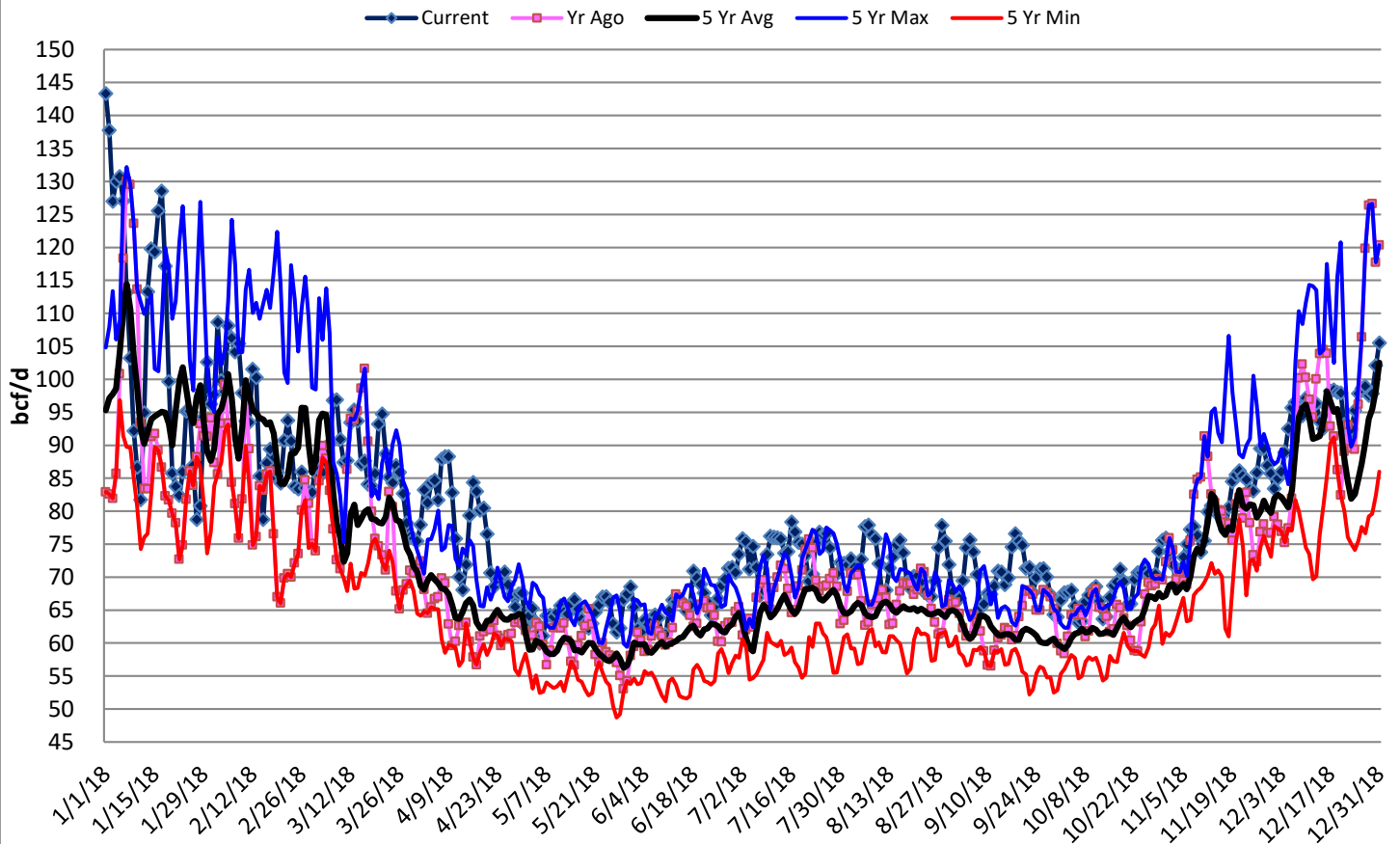
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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