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***Week Ending October 12, 2018***

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

**Price Action:** The November contract rose 1.8 cents (0.6%) to \$3.161 on a 23.0 cent range (\$3.368/\$3.138).

**Price Outlook:** Prices continued higher and established a new weekly high for the 4<sup>th</sup> consecutive week. However, the market ended near the weekly low as new supply did begin flowing on the Atlantic Sunrise expansion, focusing market attention again on US production. However, there is still no indication of a +100 bcf injection and the chance for a triple digit injection has now passed. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a 48,068 contract increase in the managed money net long position as longs added and shorts covered. **The managed money net long position is the largest since February 13, 2018. The managed money short position is the smallest since August 21, 2007.** Total open interest rose 106,446 to 4.030 million as of October 09. Aggregated CME futures open interest fell to 1.627 million as of October 12 and established a new record of 1.700 million on October 4.

**Weekly Storage:** US working gas storage for the week ending October 5 indicated an injection of +90 bcf. Working gas inventories rose to 2,956 bcf. Current inventories fall (639) bcf (-17.8%) below last year and fall (598) bcf (-16.8%) below the 5-year average.

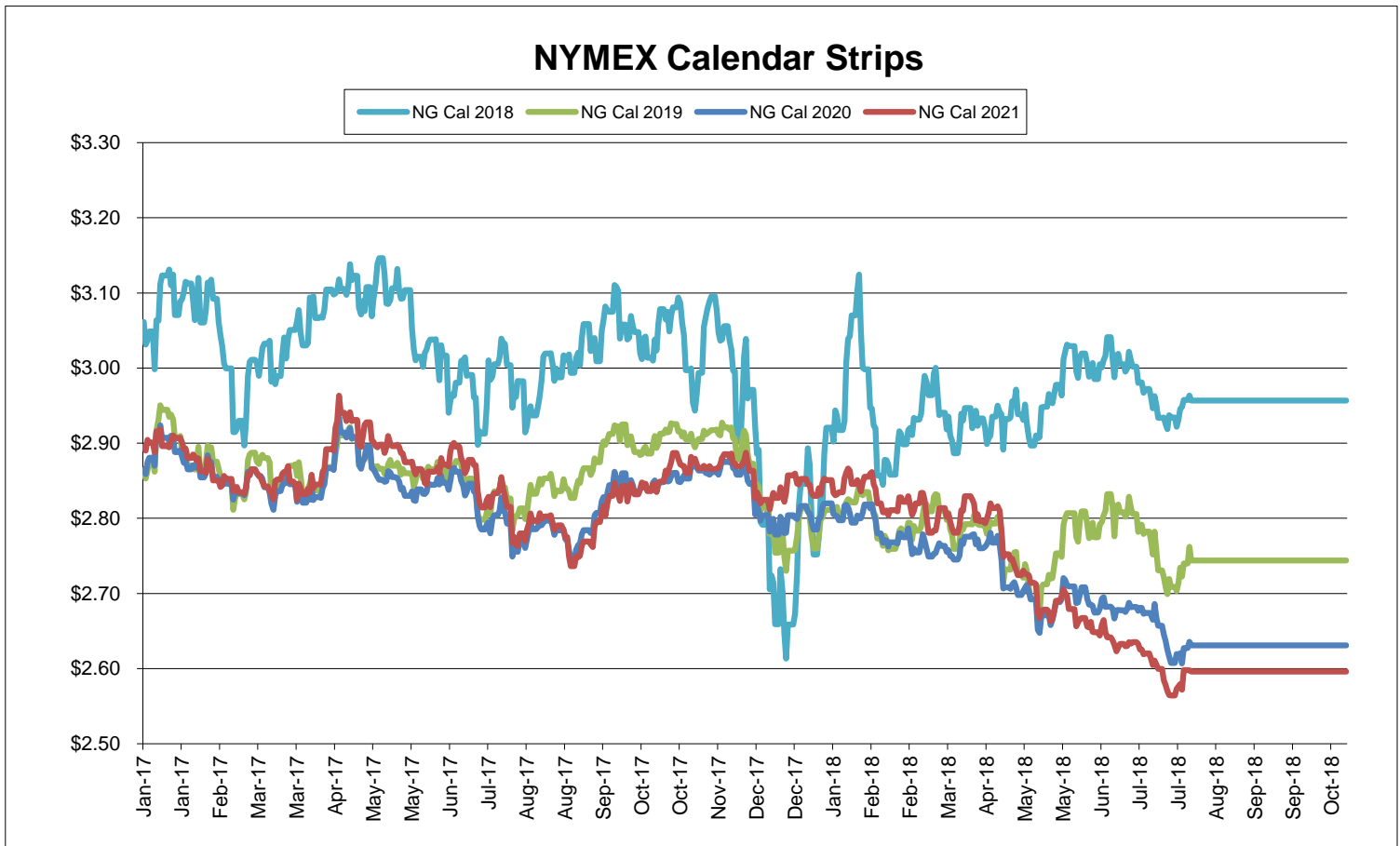
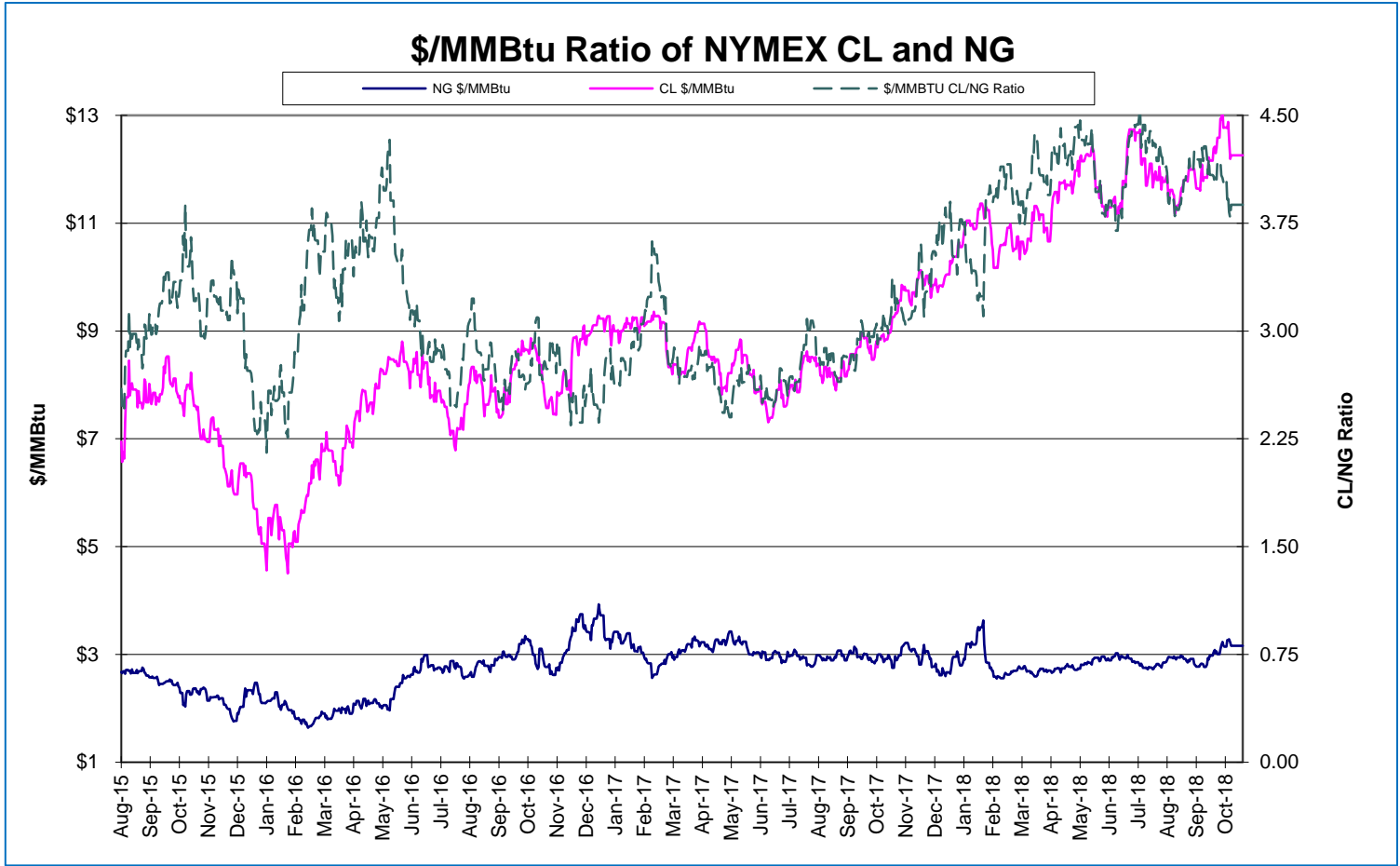
**Storage Outlook:** The EIA weekly implied flow was 1 bcf from our EIA storage estimate. This week's storage miss of 1 bcf was certainly acceptable and over the last 5 weeks the EIA has reported total injections of 389 bcf compared to our 377 bcf estimate and that is also tolerable. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

**Supply Trends:** Total supply rose 0.4 bcf/d to 82.3 bcf/d. US production fell. Canadian imports rose. LNG imports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +11. Oil activity increased +8. Natural gas activity increased +4. The total US rig count now stands at 1,063. The Canadian rig count rose +13 to 195. Thus, the total North American rig count rose +24 to 1,258 and now exceeds last year by +118. **The higher efficiency US horizontal rig count rose +8 to 927 and rises +141 above last year.**

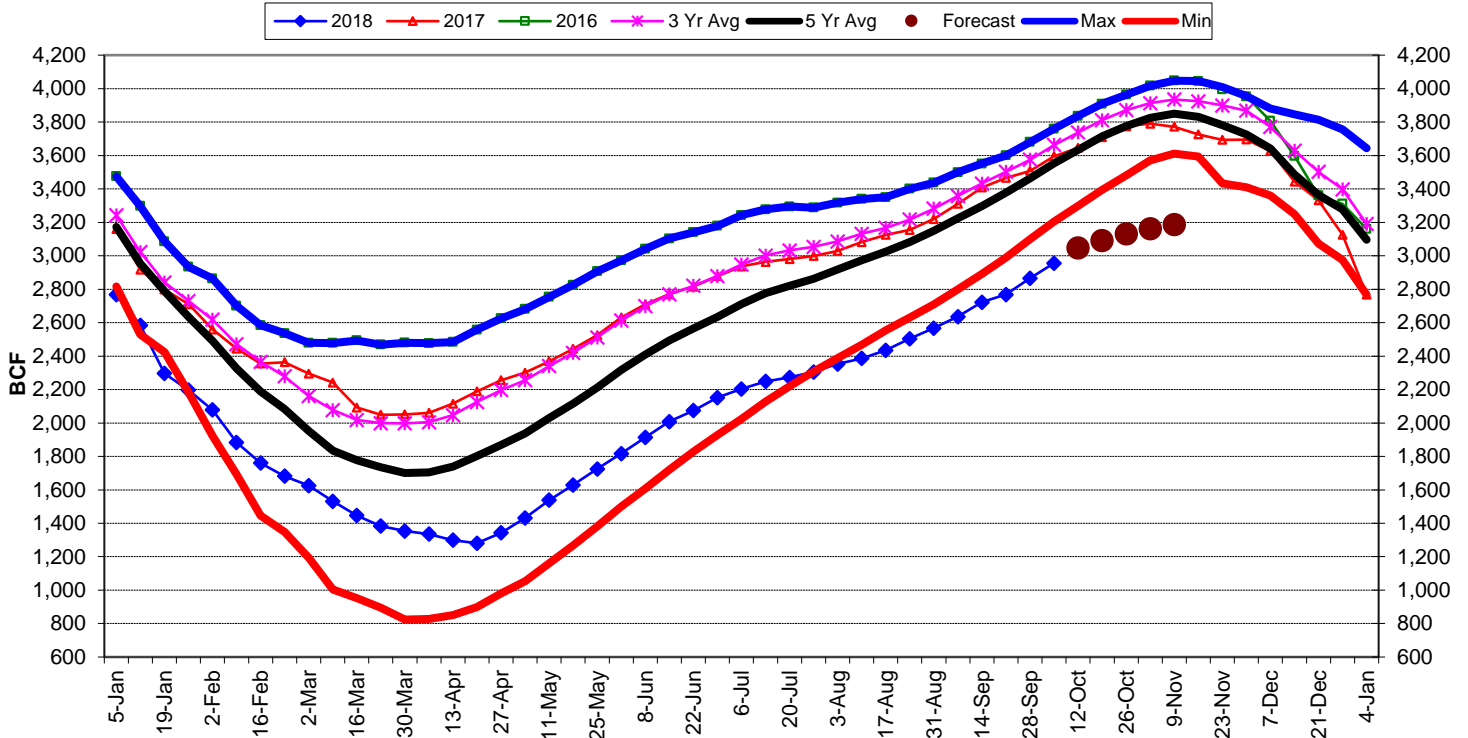
**Demand Trends:** Total demand rose +0.9 bcf/d to +69.5 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand rose. Electricity demand rose +3,127 gigawatt-hrs to 78,378 which exceeds last year by +4,085 (5.5%) and exceeds the 5-year average by 5,364 (7.3%).

**Nuclear Generation:** Nuclear generation fell (5,035)MW in the reference week to 77,759 MW. This is (8,933) MW lower than last year and (4,855) MW lower than the 5-year average. **Recent output was at 78,103 MW.**

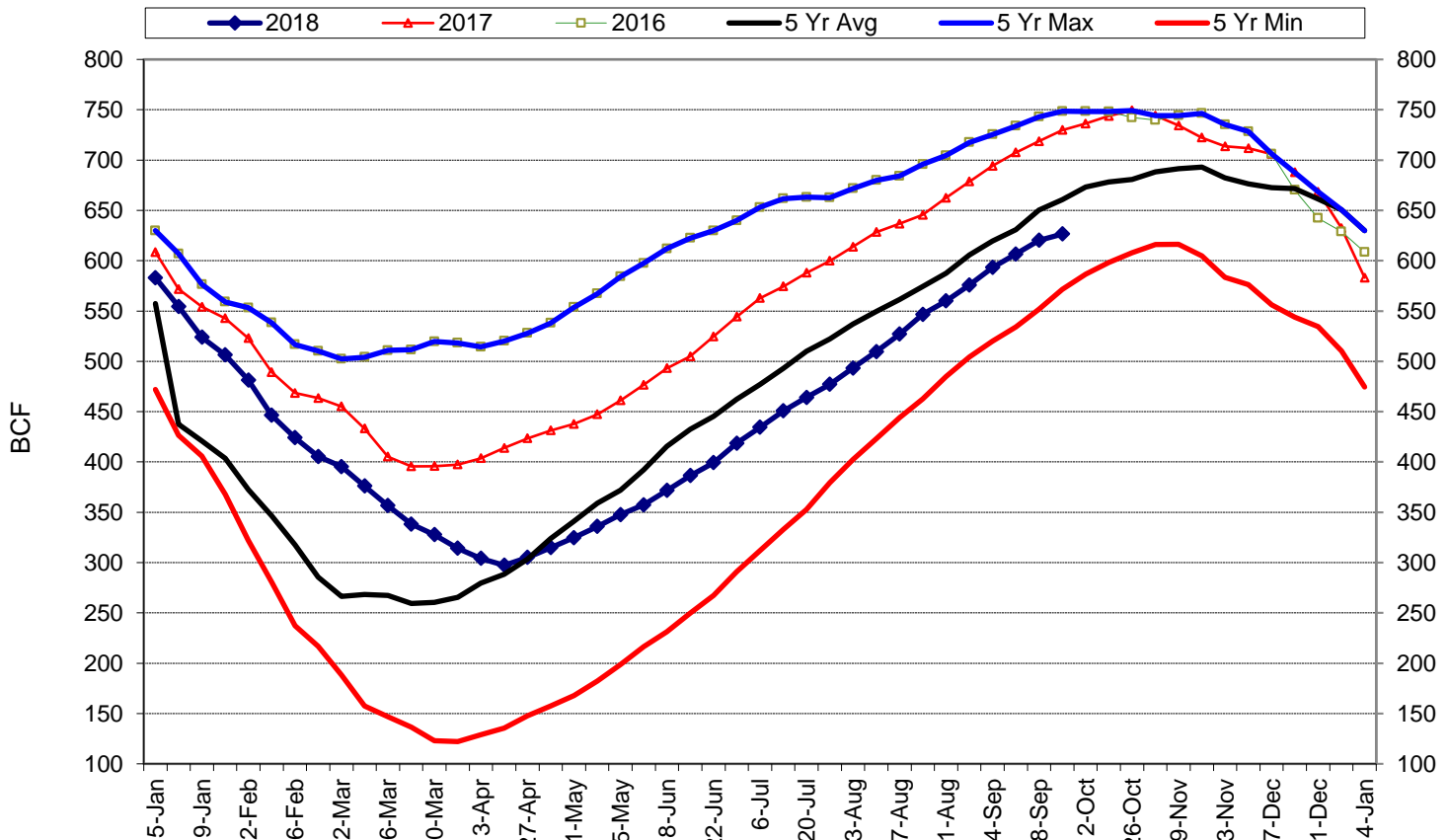
- The cooling season is now over. With a forecast through October 26 the 2018 total cooling index is at 5,629 compared to 4,850 for 2017, 5,495 for 2016, 4,402 for 2015, 3,451 for 2014, 4,811 for 2013, 7,212 for 2012 and 6,709 for 2011.



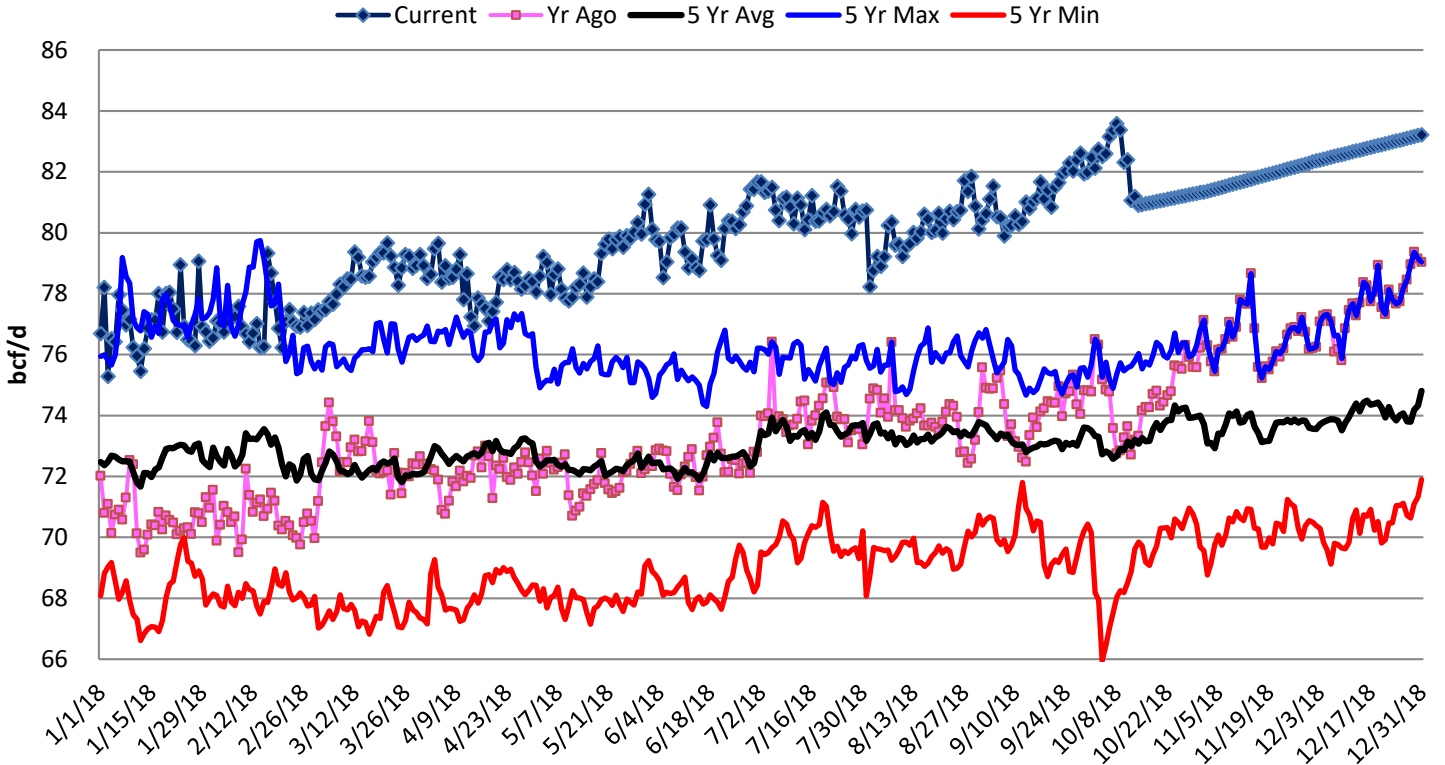
## US Total Working Gas Storage - Source - EIA



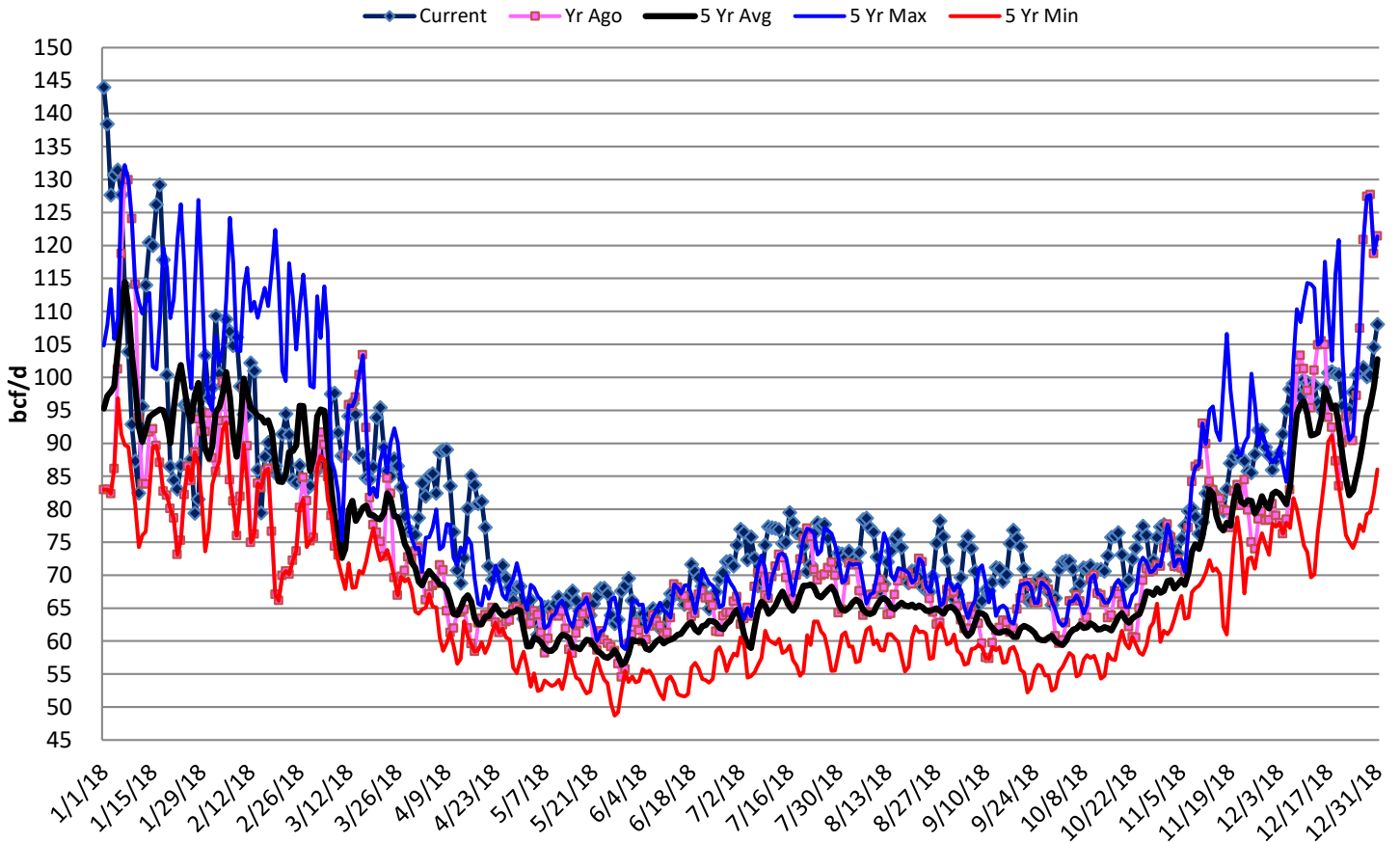
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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