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Week Ending November 23, 2018

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

Price Action: The December contract rose 3.6 cents (0.8%) to \$4.308 on a 64.2 cent range (\$4.864/\$4.222).

Price Outlook: The market edged higher on continued bullish weather forecasts. Although inside weeks are considered rare, after last week's huge \$1.194 range, an inside week is not surprising. The market is extremely sensitive to change weather forecasts and will remain volatile. If temperatures remain below normal, last weeks' \$4.929 high will likely not be the high. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 52,996 contract increase in the managed money net long position as longs added and shorts covered. This is the smallest short position on record for comparable data. This is the largest net long position since February 20. The long position is 389,656 contracts smaller than the record long position of 809,566 from April 16, 2013. Total open interest rose 228,338 to 4.131 million as of November 13. Aggregated CME futures open interest fell to 1.321 million as of November 23. This is the smallest OI since September 28, 2017. The current weather forecast is now cooler than 8 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.2 bcf. This flow volume suggests feed gas is entering Train 5. Cove Point is net exporting 0.8 bcf.

Weekly Storage: US working gas storage for the week ending November 16 indicated a withdrawal of (134) bcf. Working gas inventories fell to 3,113 bcf. Current inventories fall (613) bcf (-16.5%) below last year and fall (718) bcf (-18.7%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was (14) bcf from our EIA storage estimate. This week's storage miss is well above our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

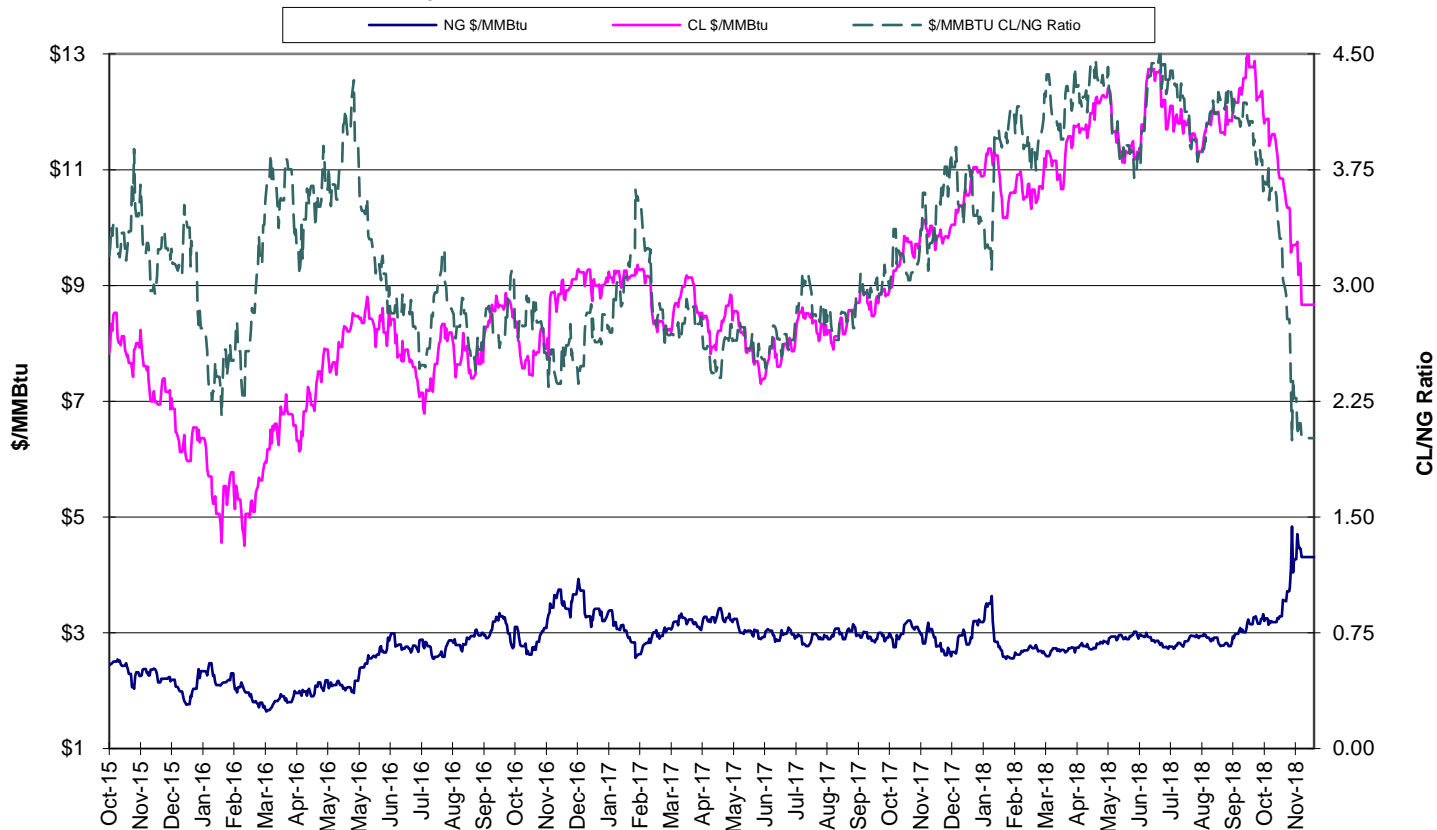
Supply Trends: Total supply rose 0.5 bcf/d to 81.6 bcf/d. US production fell. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (3). Oil activity decreased (3). Natural gas activity was unchanged +0. The total US rig count now stands at 1,079. The Canadian rig count rose +7 to 204. Thus, the total North American rig count rose +4 to 1,283 and now exceeds last year by +145. The higher efficiency US horizontal rig count fell (10) to 929 and rises +143 above last year.

Demand Trends: Total demand rose +22.6 bcf/d to +98.1 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +5,622 gigawatt-hrs to 77,175 which exceeds last year by +4,497 (6.2%) and exceeds the 5-year average by 5,534 (7.7%).

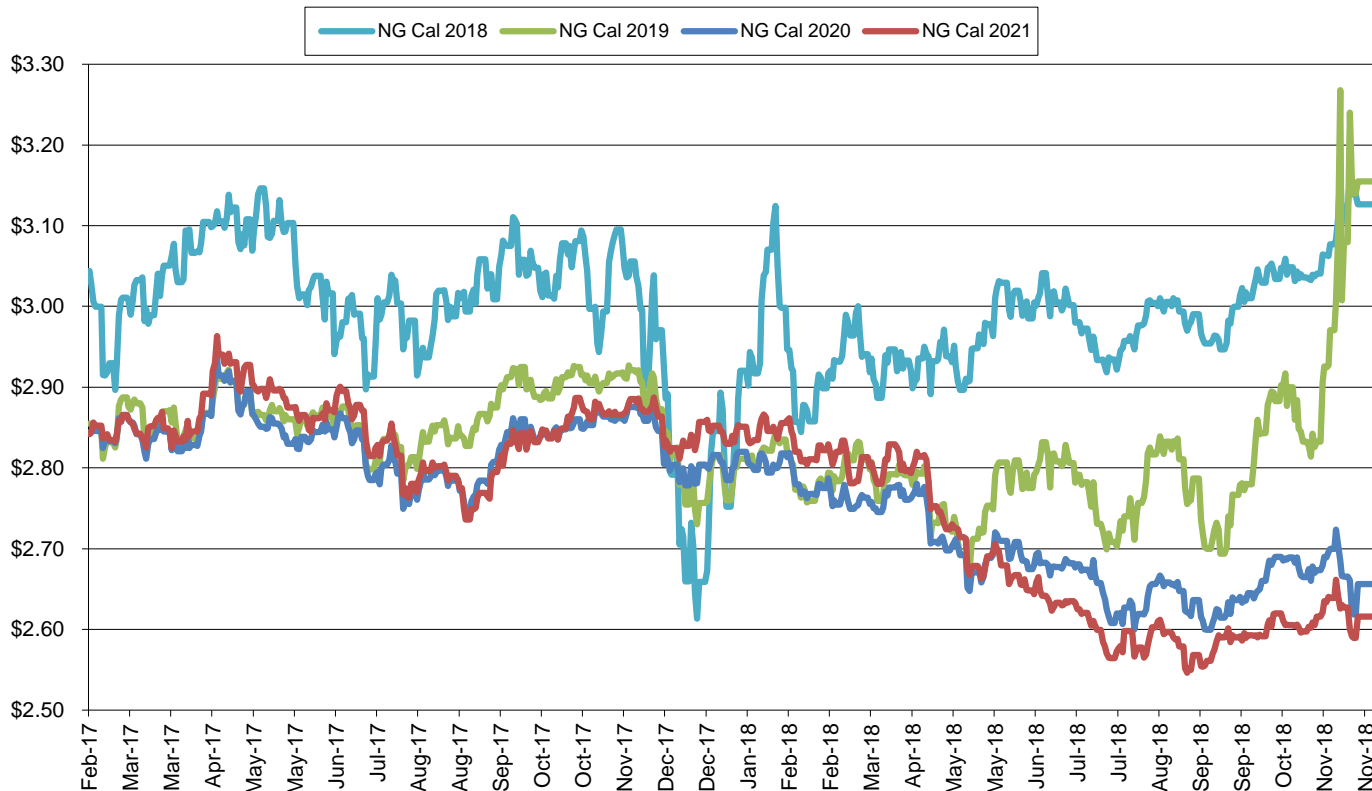
Nuclear Generation: Nuclear generation rose 3,020 MW in the reference week to 82,664 MW. This is (6,255) MW lower than last year and (2,147) MW lower than the 5-year average. Recent output was at 88,183 MW.

- The heating season has begun. With a forecast through December 7 the 2018/19 total cooling index is at (684) compared to (520) for 2017/18, (359) for 2016/17, (445) for 2015/16, (621) for 2014/15, (641) for 2013/14, (542) for 2012/13 and (519) for 2011/12.

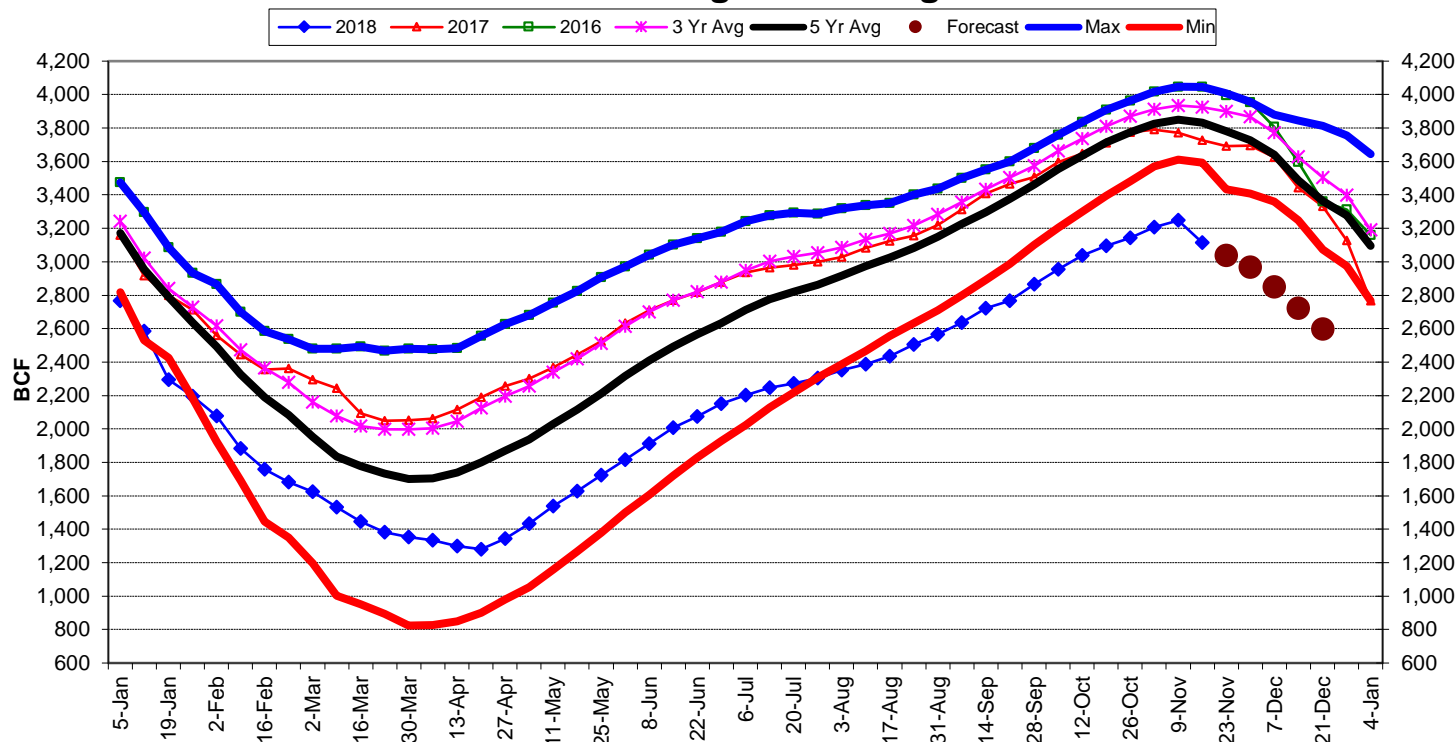
\$/MMBtu Ratio of NYMEX CL and NG



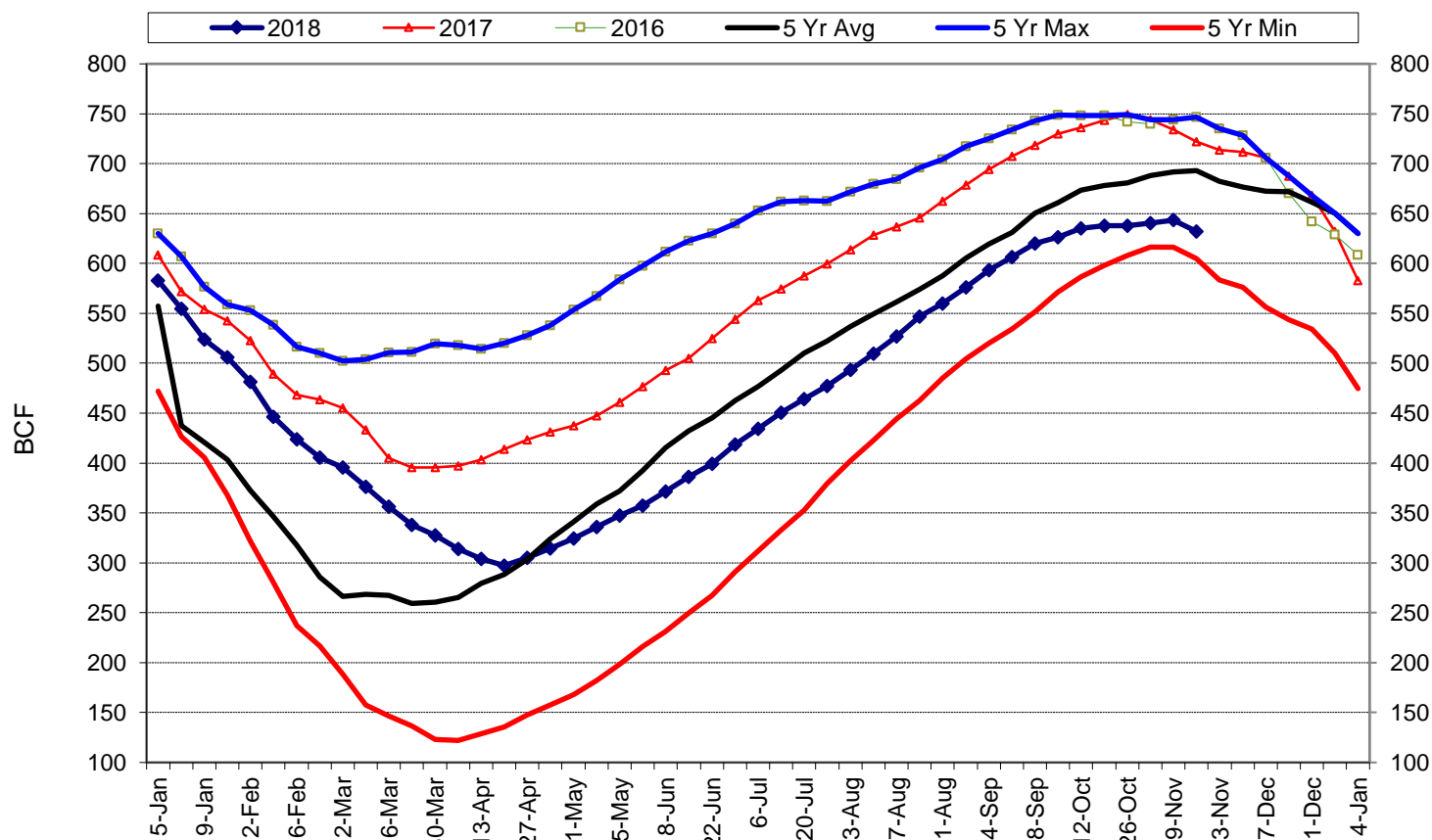
NYMEX Calendar Strips



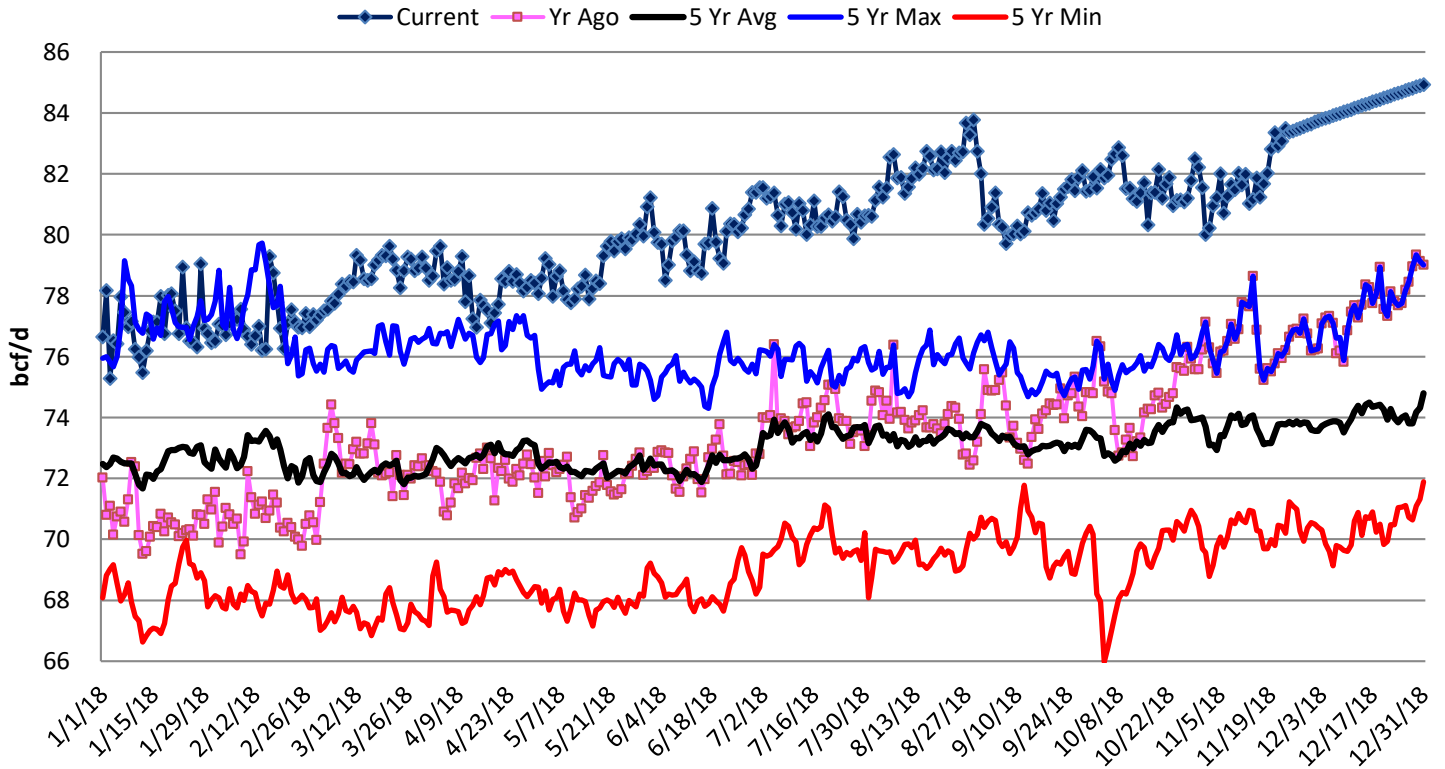
US Total Working Gas Storage - Source - EIA



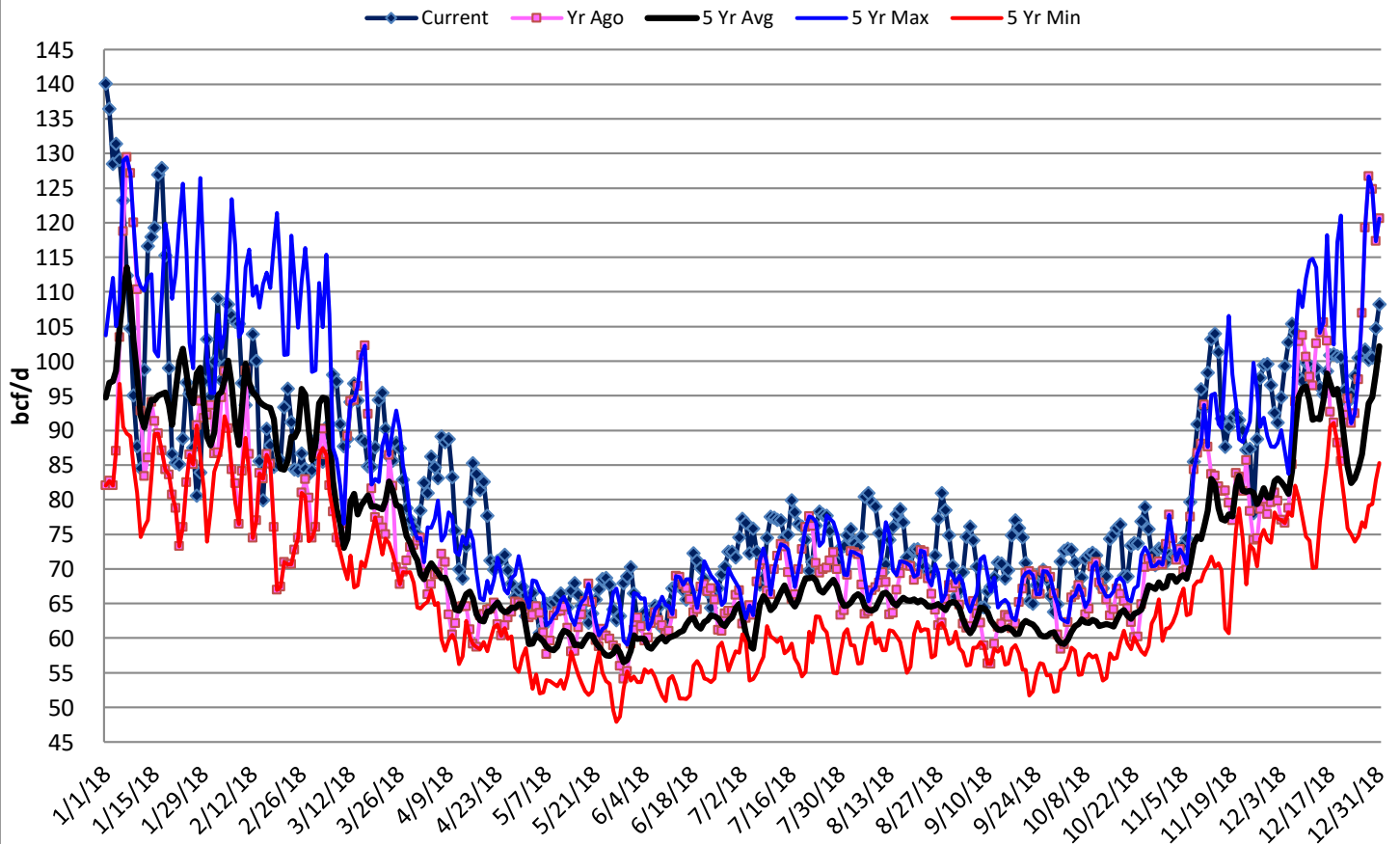
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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