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Week Ending November 30, 2018

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

Price Action: The now prompt January contract rose 25.7 cents (5.9%) to \$4.612 on a 73.8 cent range (\$4.776/\$4.038).

Price Outlook: **Despite the weekly increase, early prices weakness actually established a new weekly low as weather forecasts moderated and the EIA reported a much lower than expected storage withdrawal. 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. However, forecasts now project above normal temperatures at the end of the forecast and a continuation of above normal temperatures will lead prices lower. For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a 26,610 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. Total open interest fell (302,354) to 3.829 million as of November 27. Aggregated CME futures open interest fell to 1.264 million as of November 30. This is the smallest CME OI since February 20, 2017. The current weather forecast is now cooler than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.2 bcf. Cove Point is net exporting 0.8 bcf.

Weekly Storage: US working gas storage for the week ending November 23 indicated a withdrawal of (59) bcf. Working gas inventories fell to 3,054 bcf. Current inventories fall (639) bcf (-17.3%) below last year and fall (727) bcf (-19.2%) below the 5-year average.

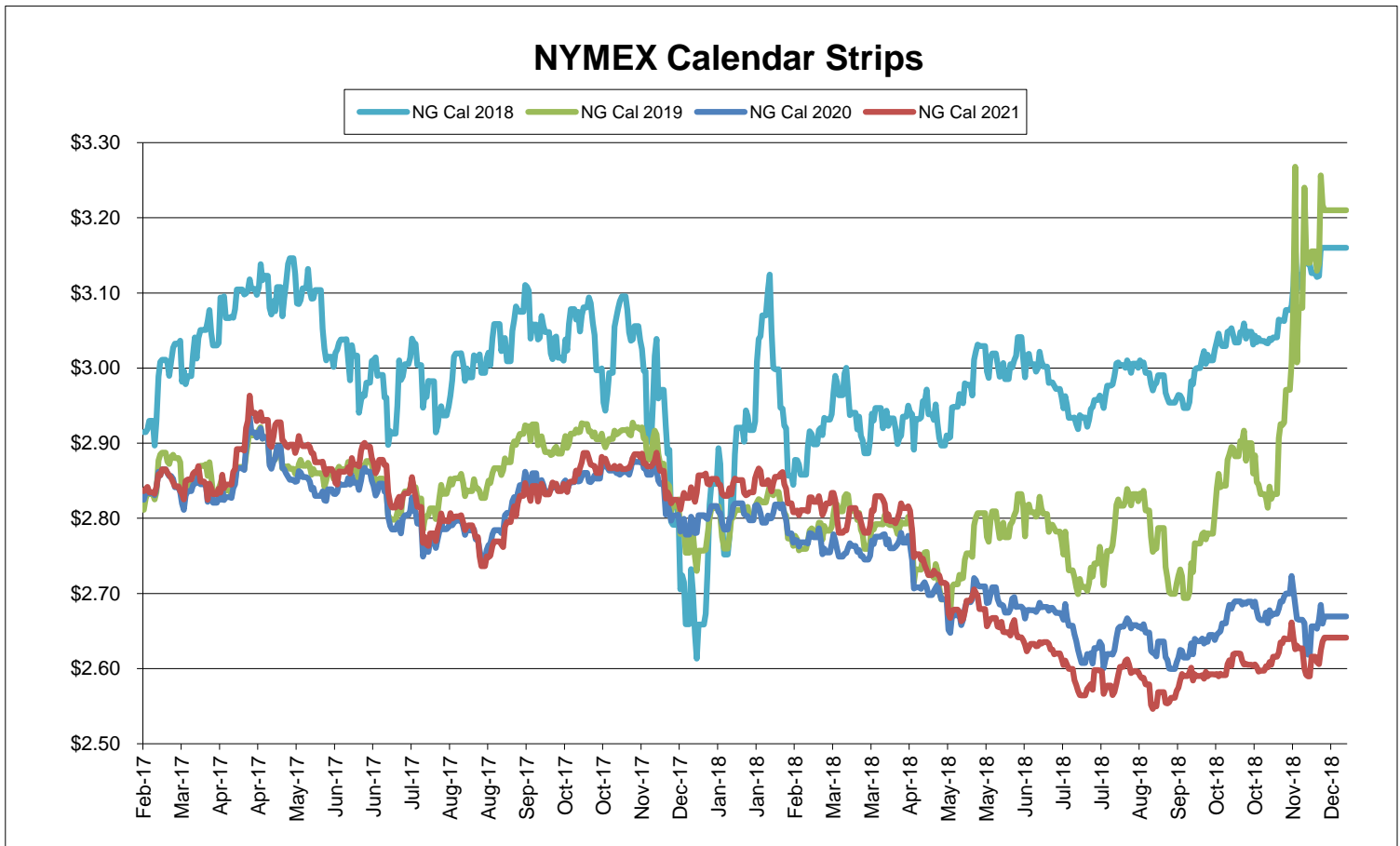
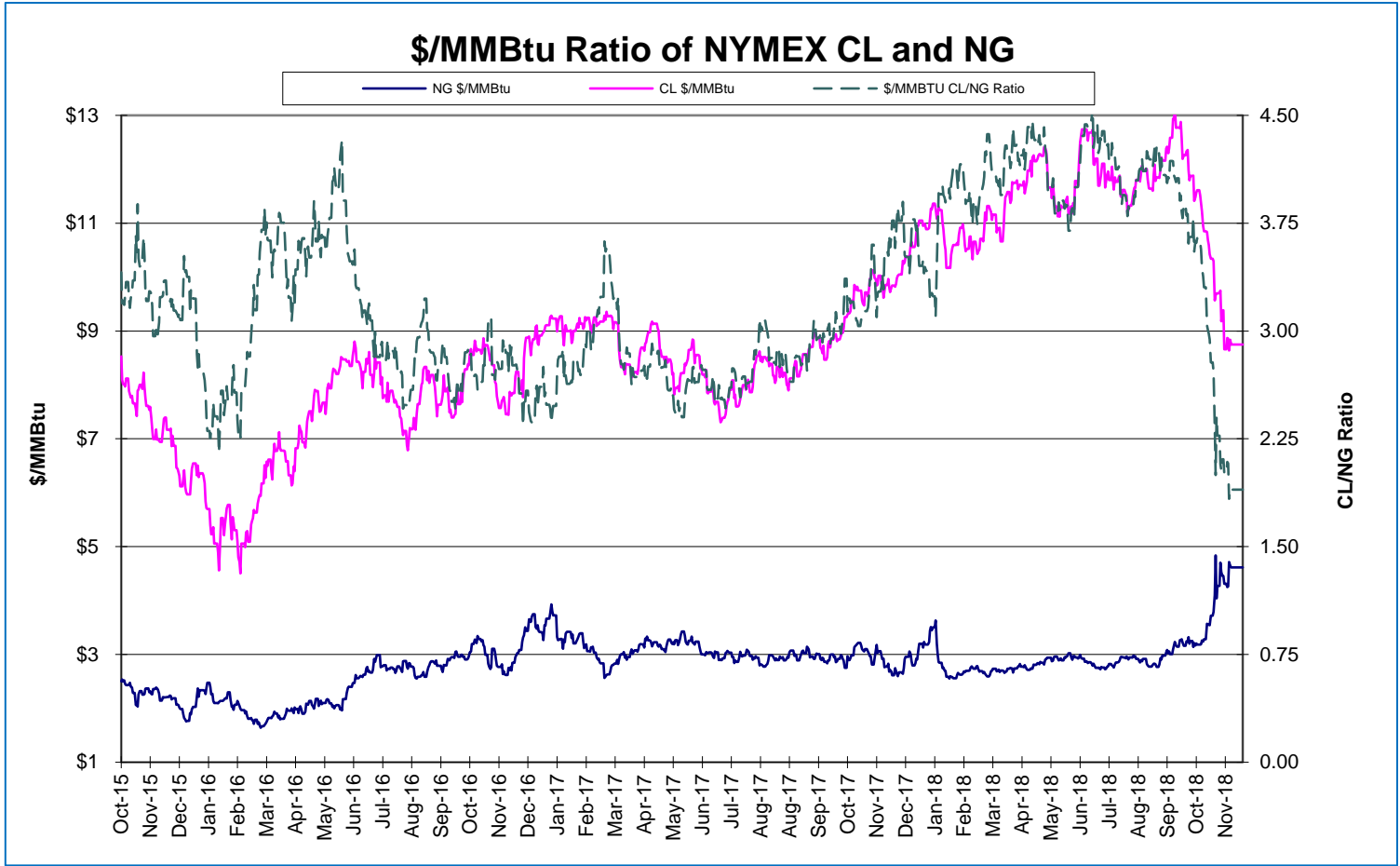
Storage Outlook: **The EIA weekly implied flow was 1 bcf from our EIA storage estimate. This week's storage miss is back within our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply rose 0.9 bcf/d to 81.4 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (3). Oil activity increased +2. Natural gas activity decreased (5). The total US rig count now stands at 1,076. The Canadian rig count fell (5) to 199. Thus, the total North American rig count fell (8) to 1,275 and now exceeds last year by +124. **The higher efficiency US horizontal rig count rose +5 to 934 and rises +142 above last year.**

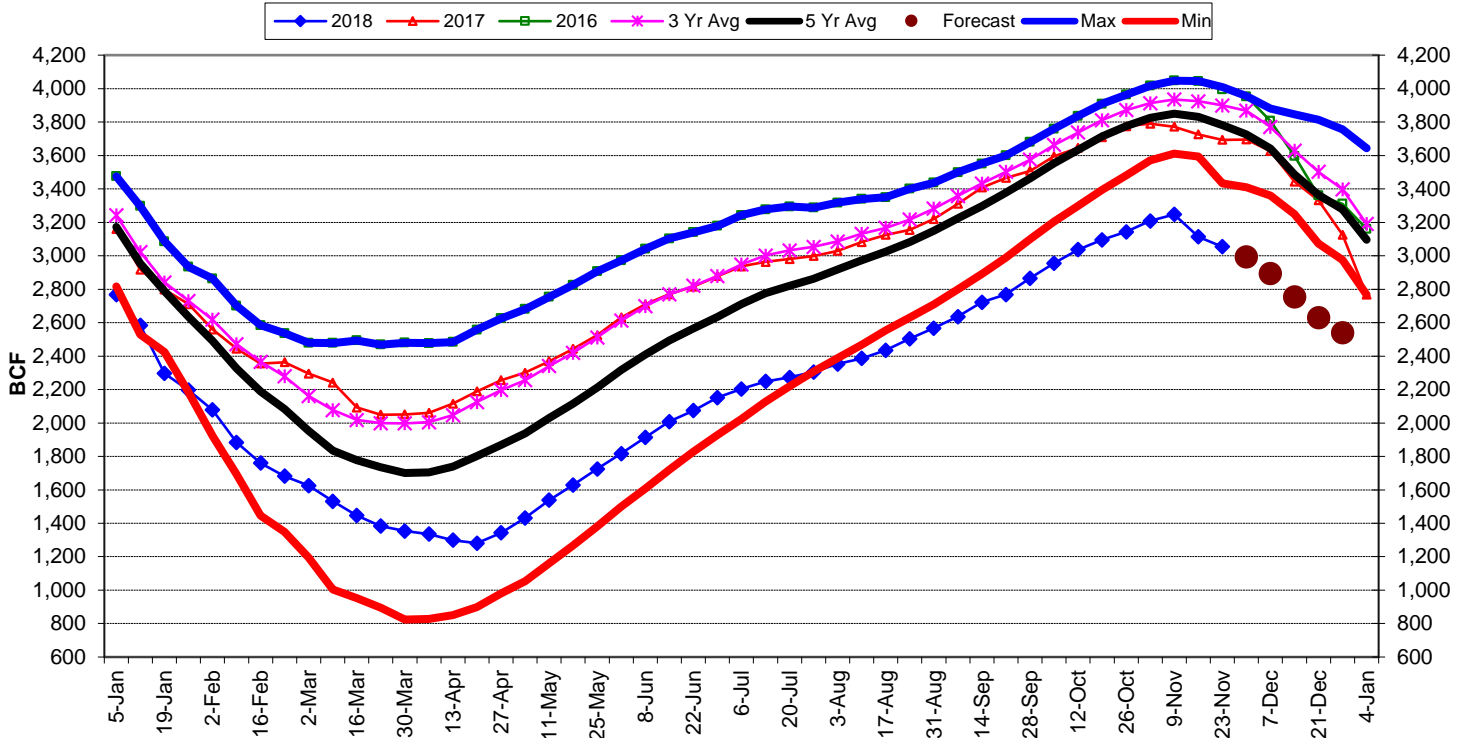
Demand Trends: Total demand fell (7.4) bcf/d to +89.9 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (5,039) gigawatt-hrs to 72,136 which exceeds last year by +2,633 (3.8%) and exceeds the 5-year average by 173 (0.2%).

Nuclear Generation: Nuclear generation rose 3,848 MW in the reference week to 86,512 MW. This is (4,702) MW lower than last year and (1,295) MW lower than the 5-year average. **Recent output was at 89,937 MW.**

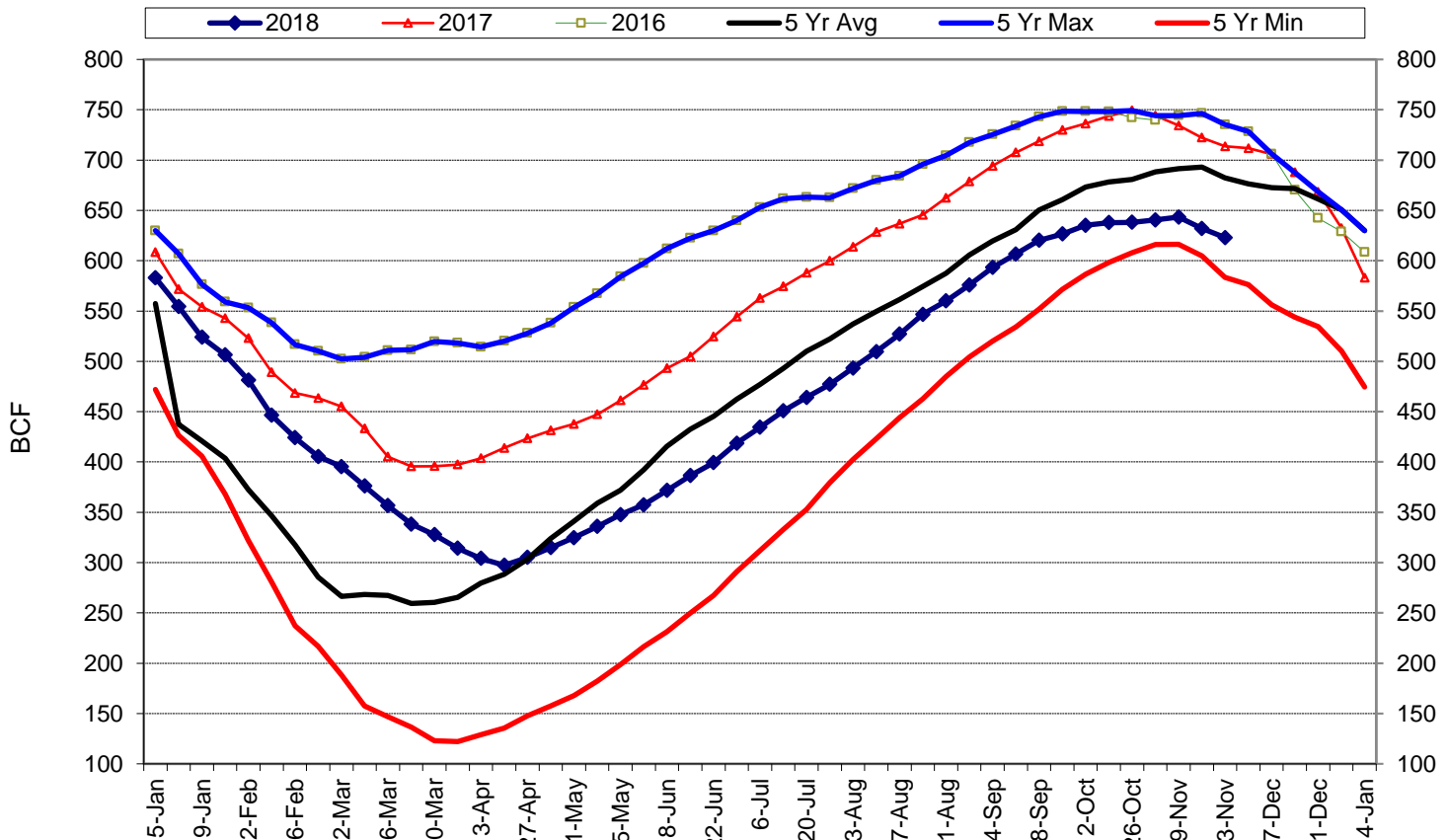
- The heating season has begun. With a forecast through December 14 the 2018/19 total cooling index is at (827) compared to (713) for 2017/18, (509) for 2016/17, (495) for 2015/16, (743) for 2014/15, (821) for 2013/14, (659) for 2012/13 and (667) for 2011/12.



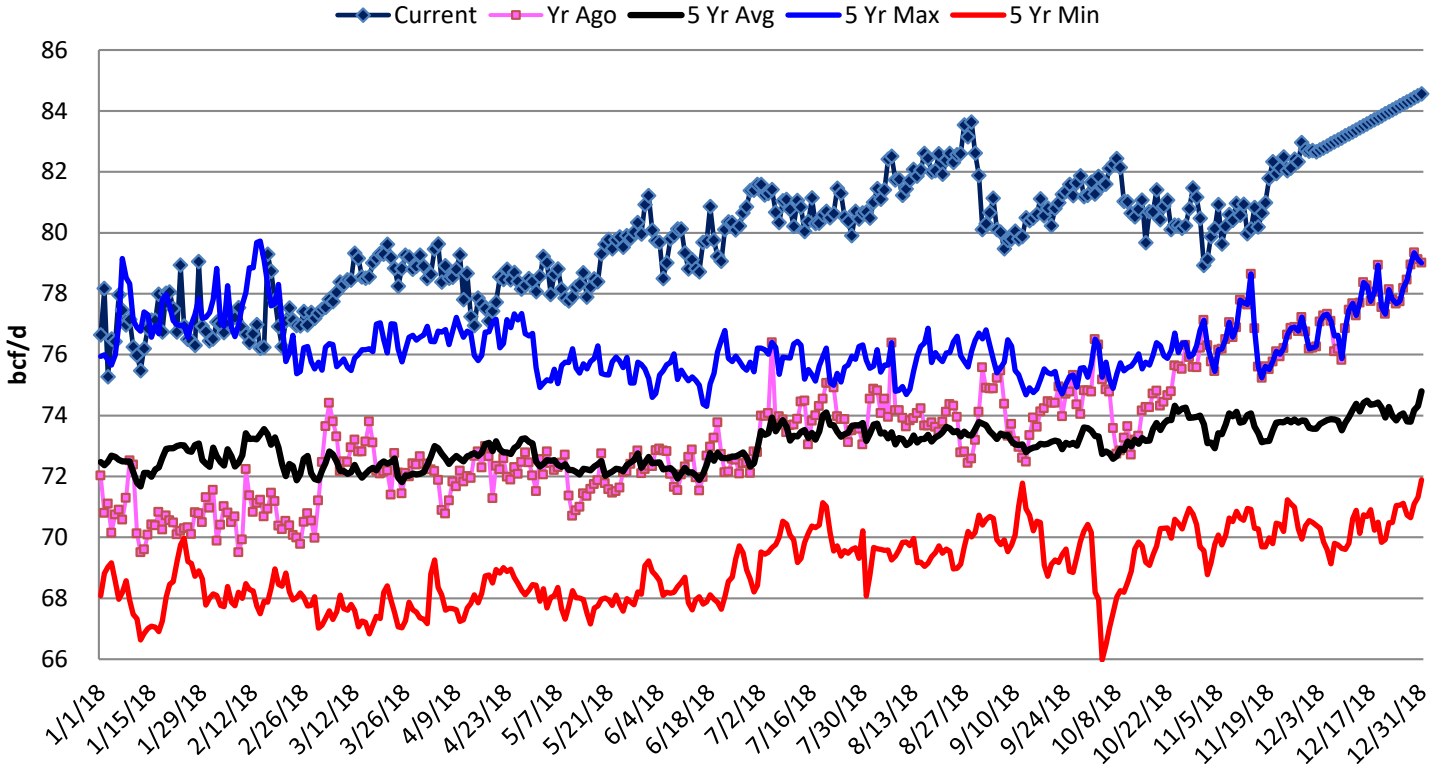
US Total Working Gas Storage - Source - EIA



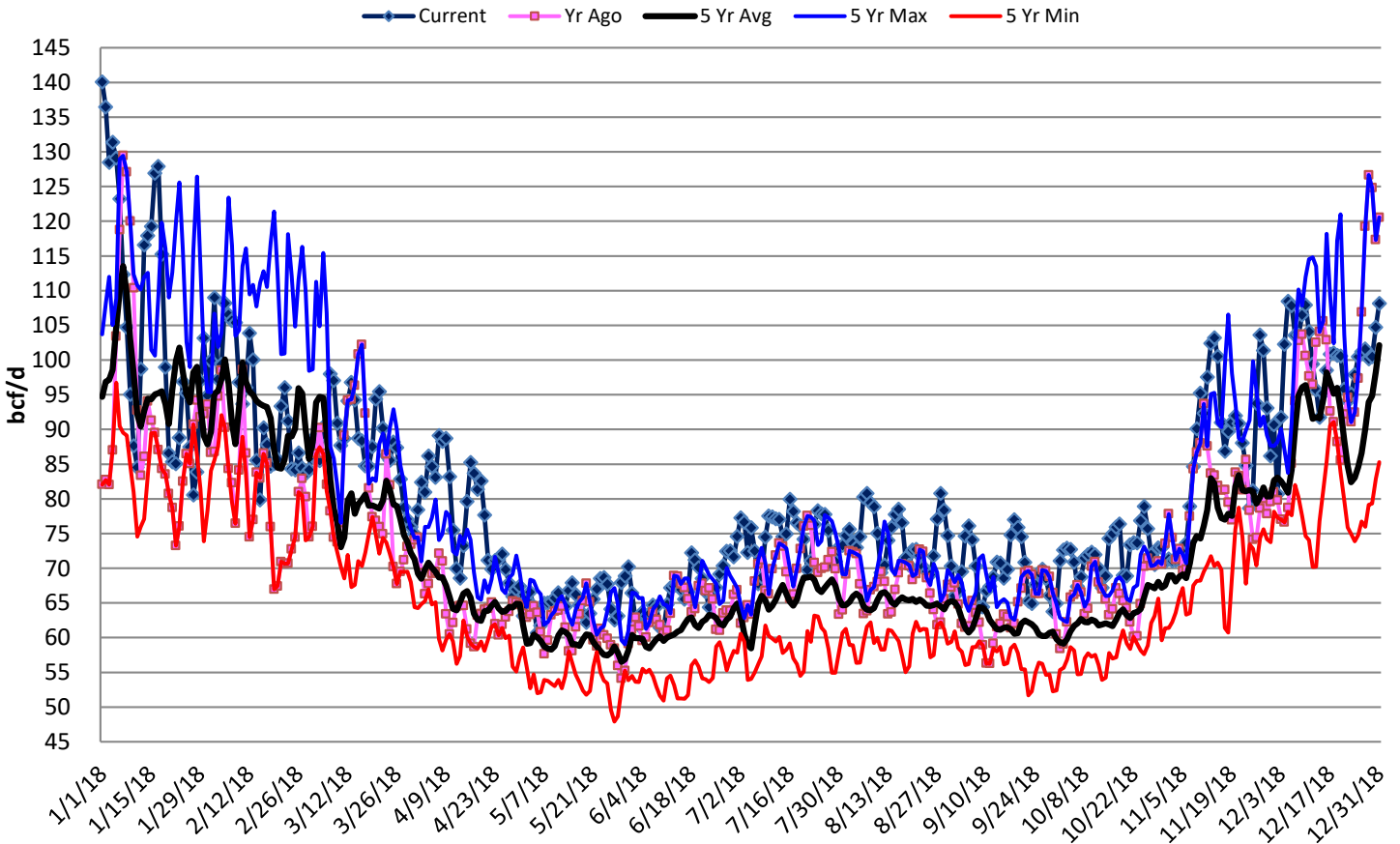
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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