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**Week Ending January 4, 2019**

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

**Price Action:** The February contract fell 25.9 cents (7.8%) to \$3.044 on a 26.2 cent range (\$3.140/\$2.878).

**Price Outlook:** The market gapped lower and has been lower for 4 consecutive weeks. The market tends to fill gaps and the winter is far from over, even if the possibility of a massive price spike is fading fast as we approach winter's midpoint. Since 2000, there have been 43 instances where the market fell 4 weeks in a row with 24 instances witnessing 5 consecutive weeks lower. The market remains incredibly weather sensitive and from current price levels, the risk may now be to the upside. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data was not updated. The current weather forecast is now warmer than 9 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.6 bcf. Cove Point is net exporting 0.6 bcf. Corpus Christi is exporting 0.673 bcf. Cameron is exporting 0.015 bcf.

**Weekly Storage:** US working gas storage for the week ending December 28 indicated a withdrawal of (20) bcf. Working gas inventories fell to 2,705 bcf. Current inventories fell (421) bcf (-13.5%) below last year and fell (573) bcf (-17.5%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was 11 bcf from our EIA storage estimate. This week's storage miss is back within our tolerance. Over the last 5 weeks, the EIA has reported a total withdrawal of (349) bcf compared to our (350) bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

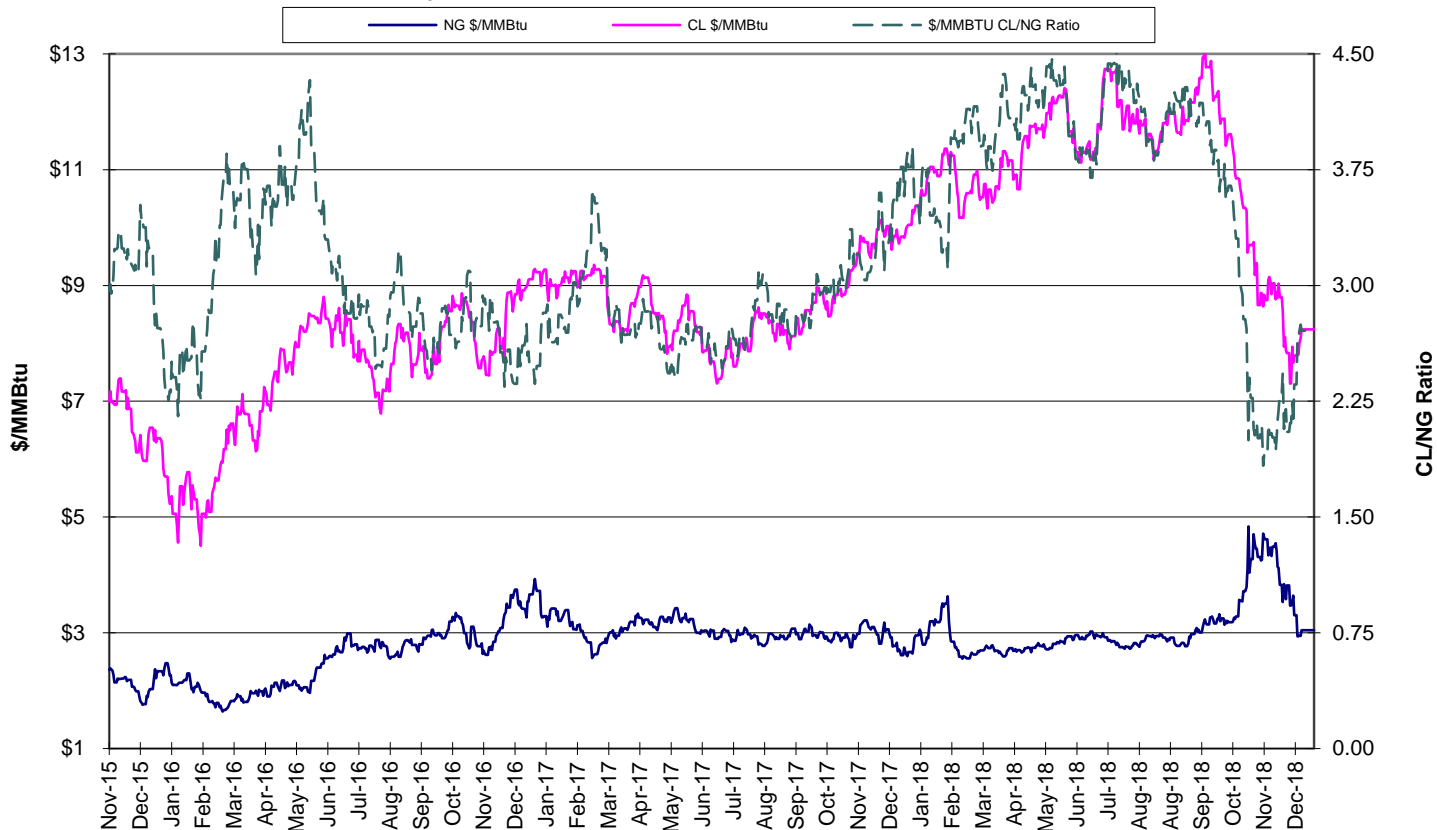
**Supply Trends:** Total supply rose 0.8 bcf/d to 82.3 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (8). Oil activity decreased (8). Natural gas activity was unchanged +0. The total US rig count now stands at 1,075. The Canadian rig count rose +6 to 76. Thus, the total North American rig count fell (2) to 1,151 and now exceeds last year by +53. The higher efficiency US horizontal rig count was unchanged +0 to 945 and rises +147 above last year.

**Demand Trends:** Total demand fell (1.2) bcf/d to +87.1 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand rose. Electricity demand fell (3,129) gigawatt-hrs to 73,118 which trails last year by (8,884) (-10.8%) and trails the 5-year average by (2,120)(-2.8%%).

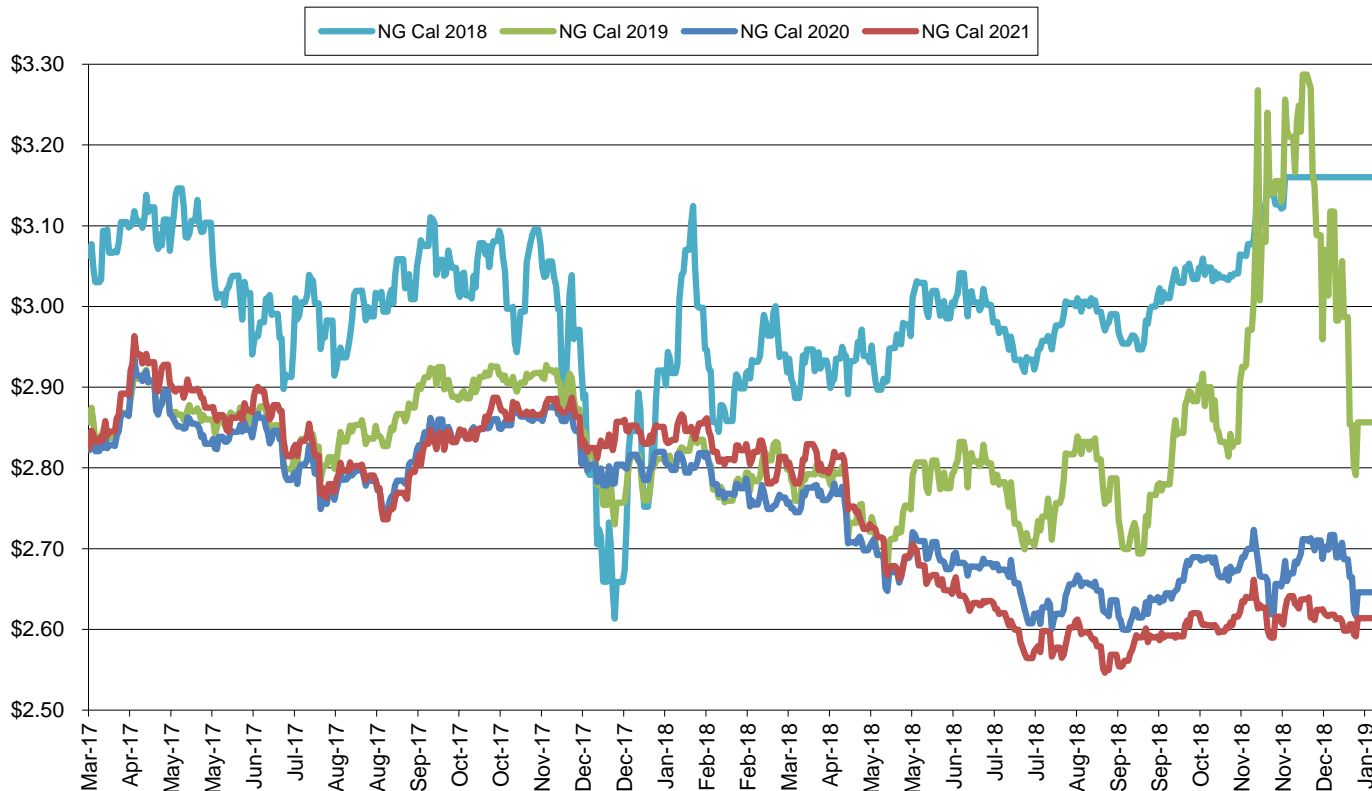
**Nuclear Generation:** Nuclear generation rose 582 MW in the reference week to 93,975 MW. This is (3,367) MW lower than last year and (1,232) MW lower than the 5-year average. Recent output was at 93,853 MW.

- The heating season has begun. With a forecast through January 18 the 2018/19 total cooling index is at (1,400) compared to (1,185) for 2017/18, (1,114) for 2016/17, (987) for 2015/16, (1,300) for 2014/15, (1,475) for 2013/14, (1,256) for 2012/13 and (1,235) for 2011/12.

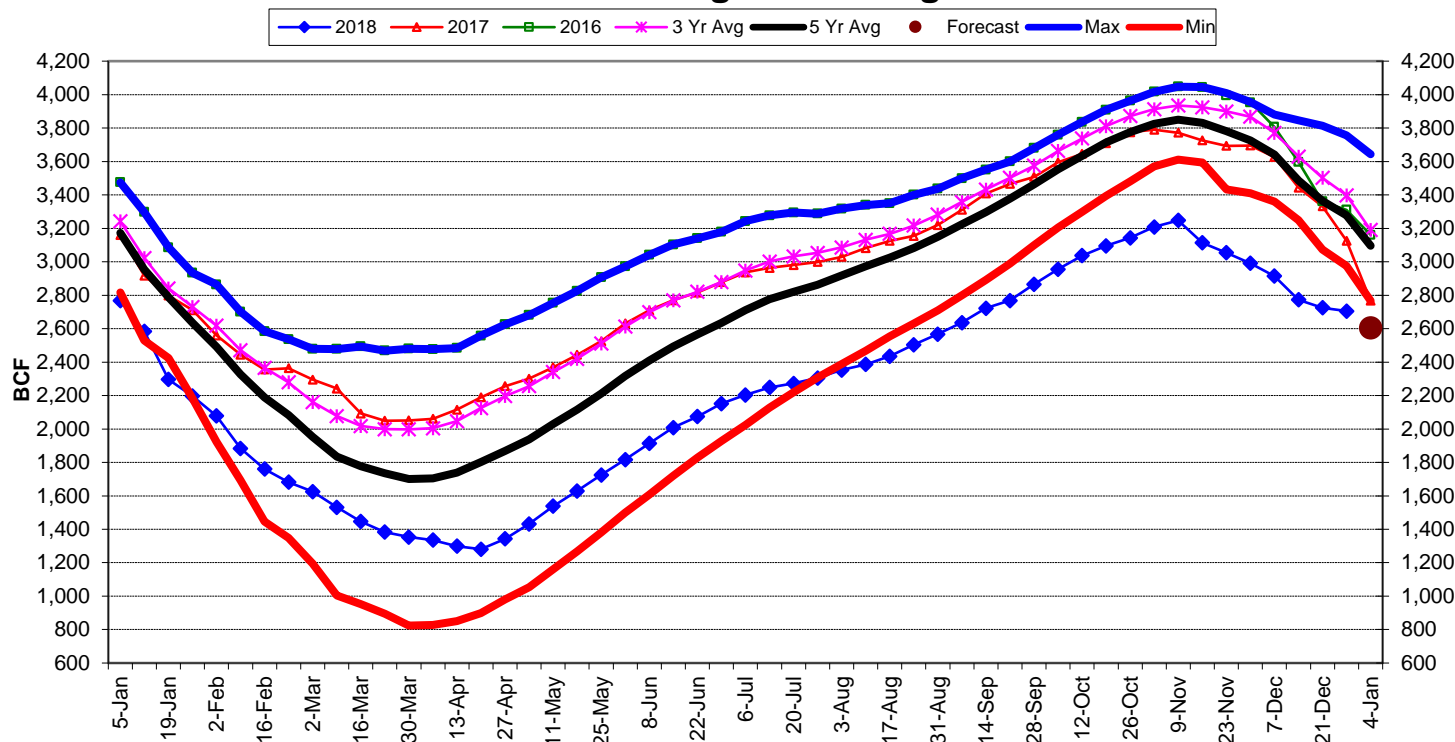
## \$/MMBtu Ratio of NYMEX CL and NG



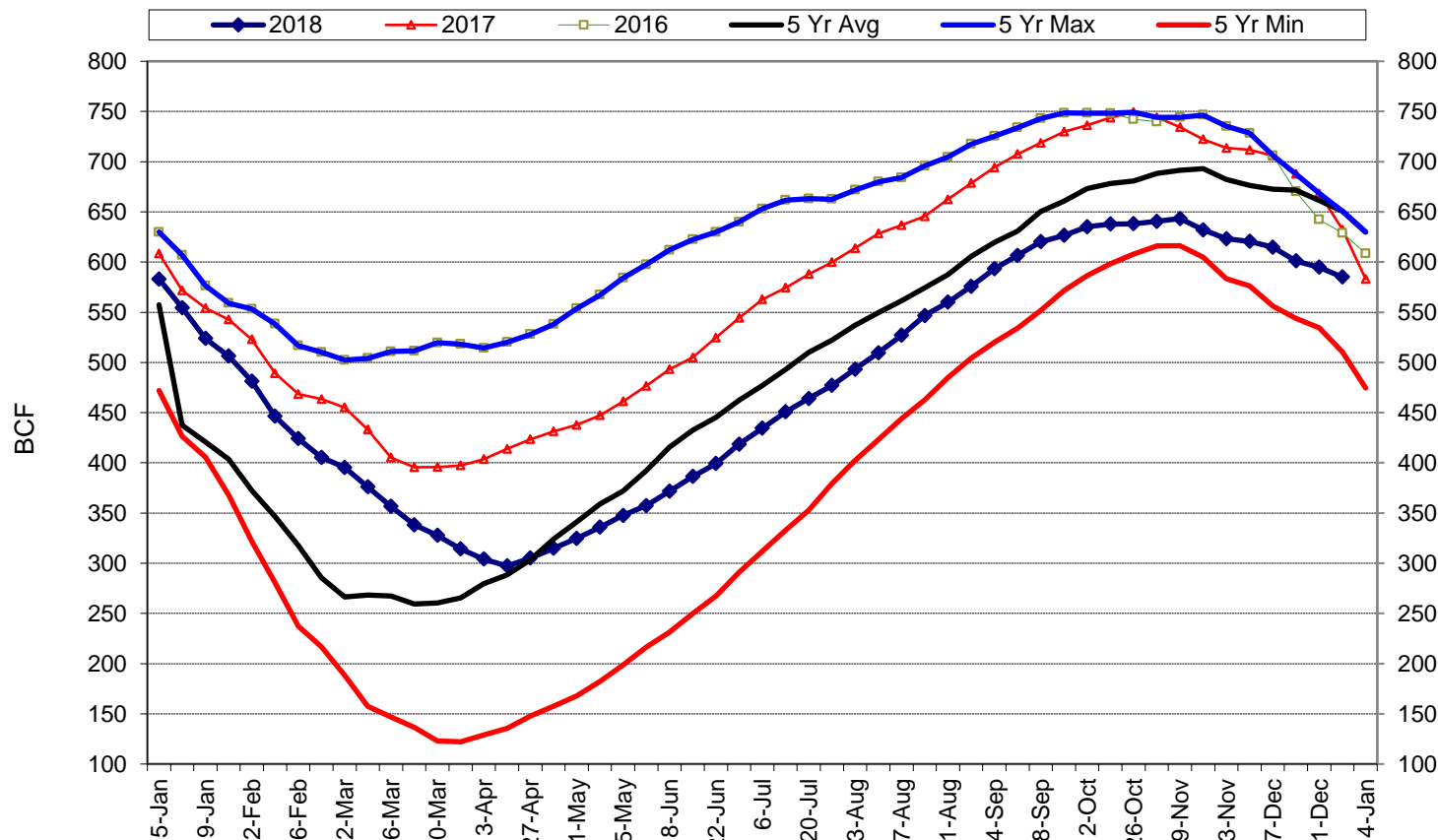
## NYMEX Calendar Strips



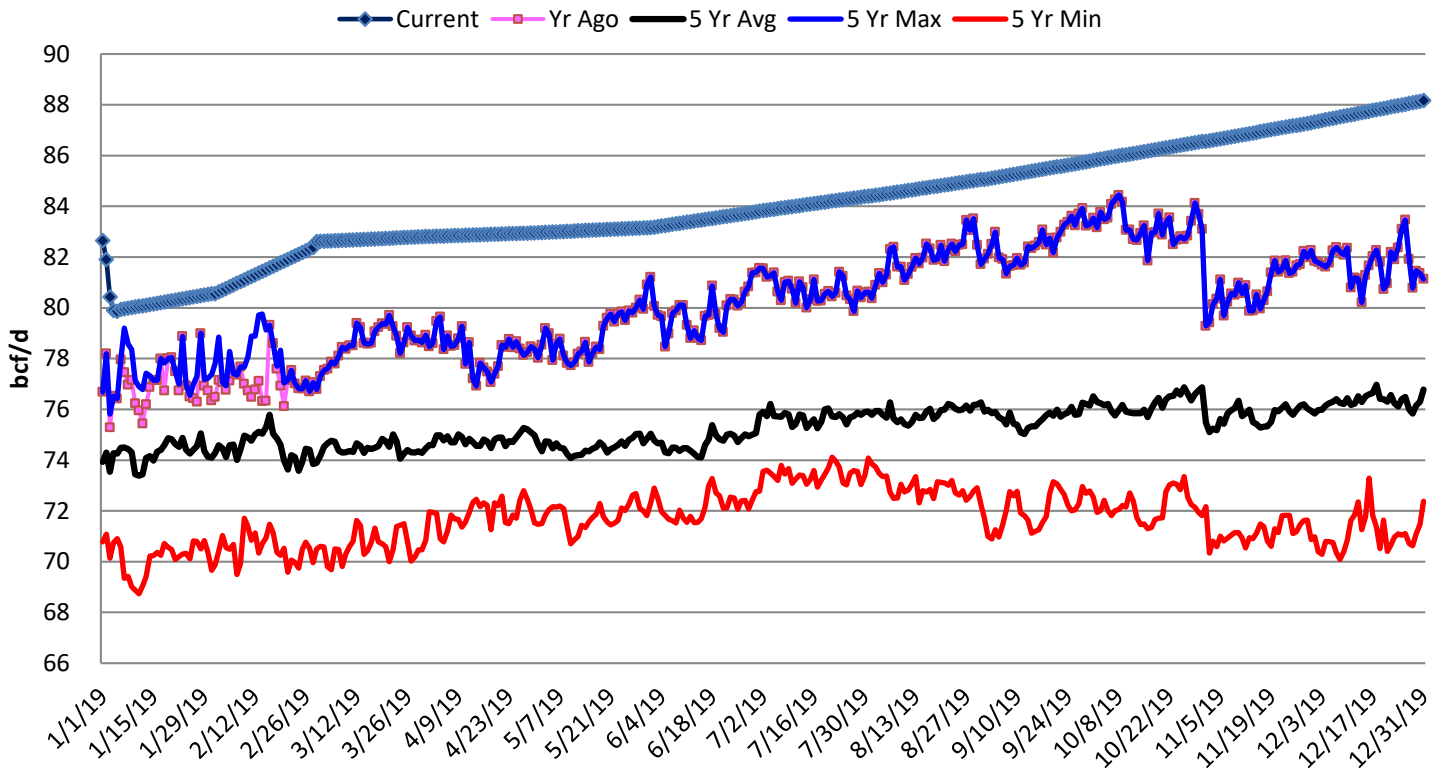
## US Total Working Gas Storage - Source - EIA



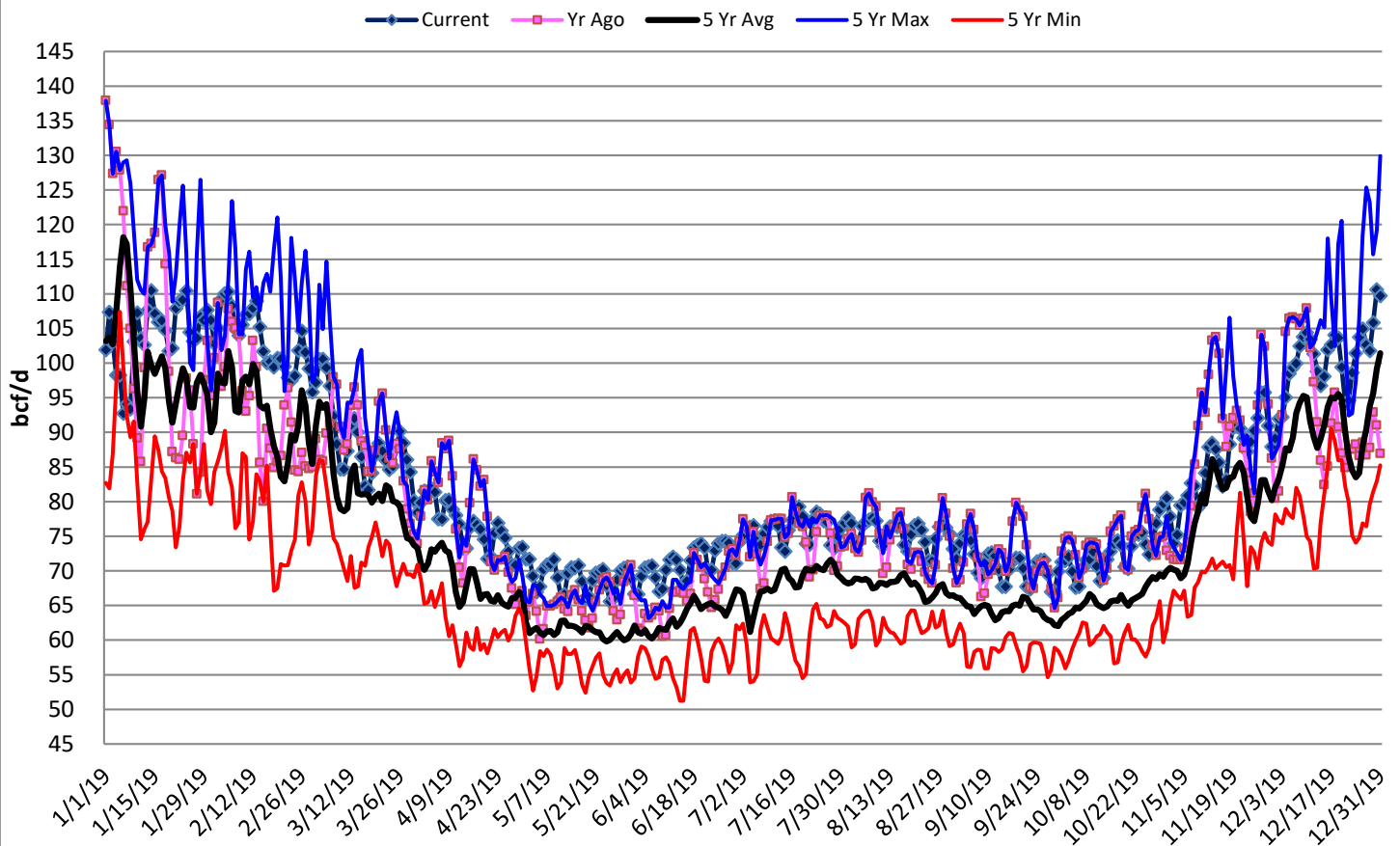
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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