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***Week Ending January 25, 2019***

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

**Price Action:** The February contract fell 30.4 cents (8.7%) to \$3.178 on a 39.9 cent range (\$3.356/\$2.957).

**Price Outlook:** Despite weather forecasts that were in general still bullish, the duration of extreme temperatures forecast last week has been somewhat moderated, especially at the end of forecast. With national inventory adequate, there is little fear of storage deliverability issues. However, the still extreme cold forecast the upcoming week may see explosive regional cash prices as demand soars for a few days. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data has not been updated due to the US government shutdown. Aggregated CME futures open interest rose to 1.332 million as of January 25. The current weather forecast is now cooler than 9 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.3 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 0.000 bcf. Cameron is exporting 0.000 bcf.

**Weekly Storage:** US working gas storage for the week ending January 18 indicated a withdrawal of (163) bcf. Working gas inventories fell to 2,370 bcf. Current inventories rise 74 bcf (3.2%) above last year and fall (320) bcf (-11.9%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was (4) bcf from our EIA storage estimate. This week's storage returned to within our tolerance. Over the last 5 weeks, the EIA has reported a total withdrawal of (399) bcf compared to our (410) 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.

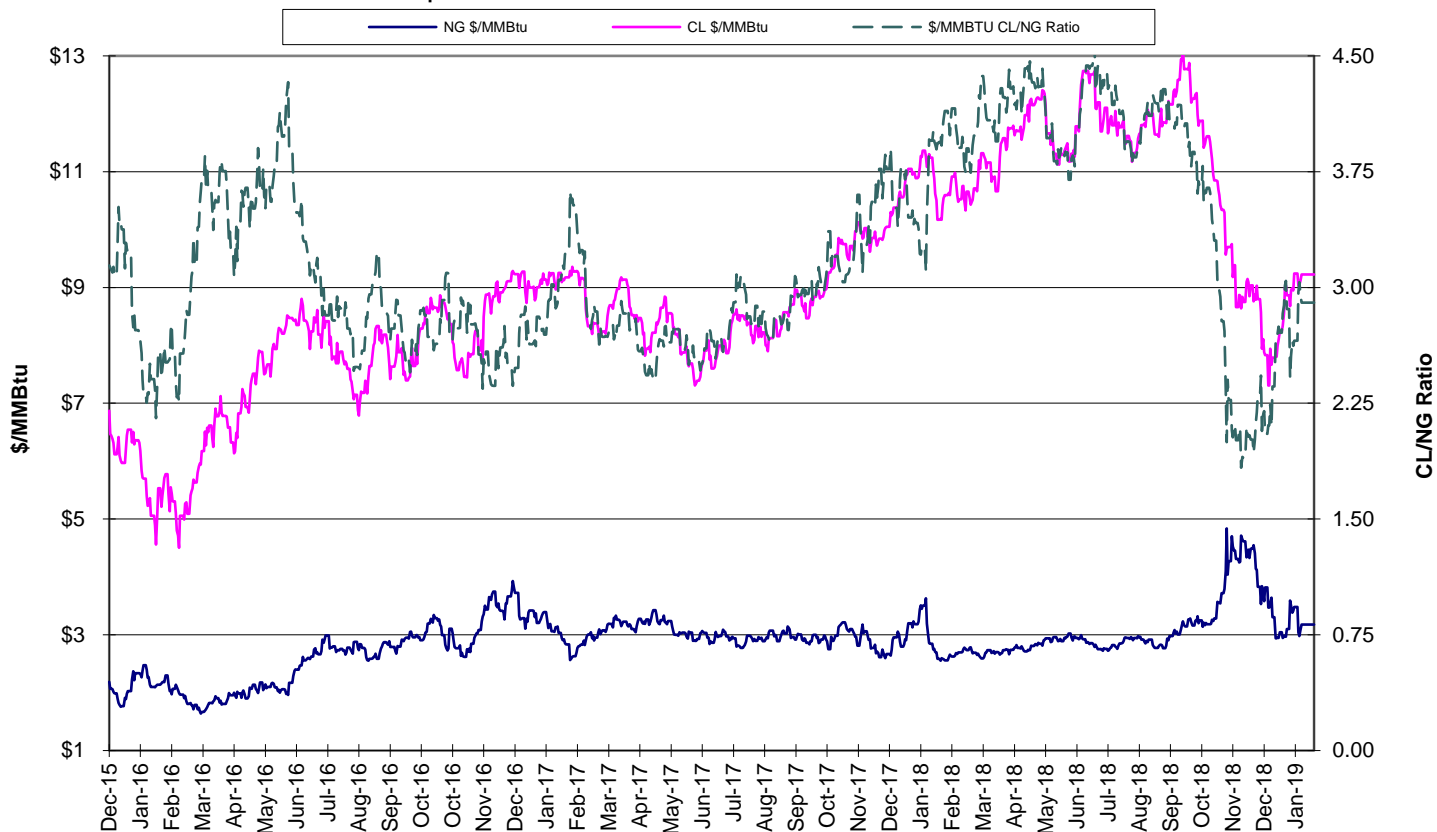
**Supply Trends:** Total supply rose 1.3 bcf/d to 83.4 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count rose +9. Oil activity increased +10. Natural gas activity decreased (1). The total US rig count now stands at 1,059. The Canadian rig count rose +23 to 232. Thus, the total North American rig count rose +32 to 1,291 and now exceeds last year by +6. The higher efficiency US horizontal rig count rose +3 to 932 and rises +124 above last year.

**Demand Trends:** Total demand rose +11.8 bcf/d to +106.6 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +2,171 gigawatt-hrs to 79,211 which trails last year by (8,602) (-9.8%) and trails the 5-year average by (1,969) (-2.4%%).

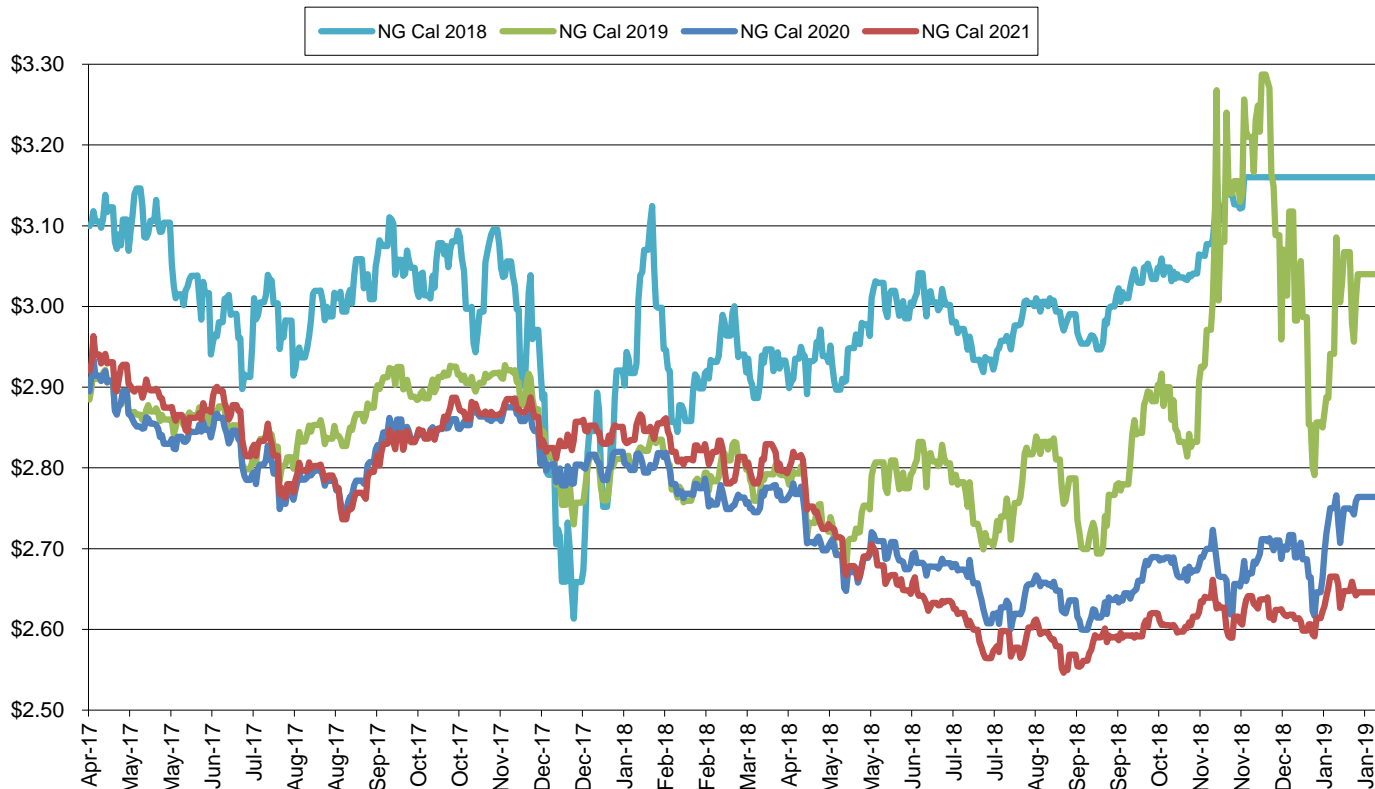
**Nuclear Generation:** Nuclear generation rose 1,113 MW in the reference week to 94,715 MW. This is (1,395) MW lower than last year and +761 MW higher than the 5-year average. Recent output was at 94,691 MW.

- The heating season has begun. With a forecast through February 8 the 2018/19 total cooling index is at (1,999) compared to (1,771) for 2017/18, (1,617) for 2016/17, (1,609) for 2015/16, (1,909) for 2014/15, (2,175) for 2013/14, (1,847) for 2012/13 and (1,814) for 2011/12.

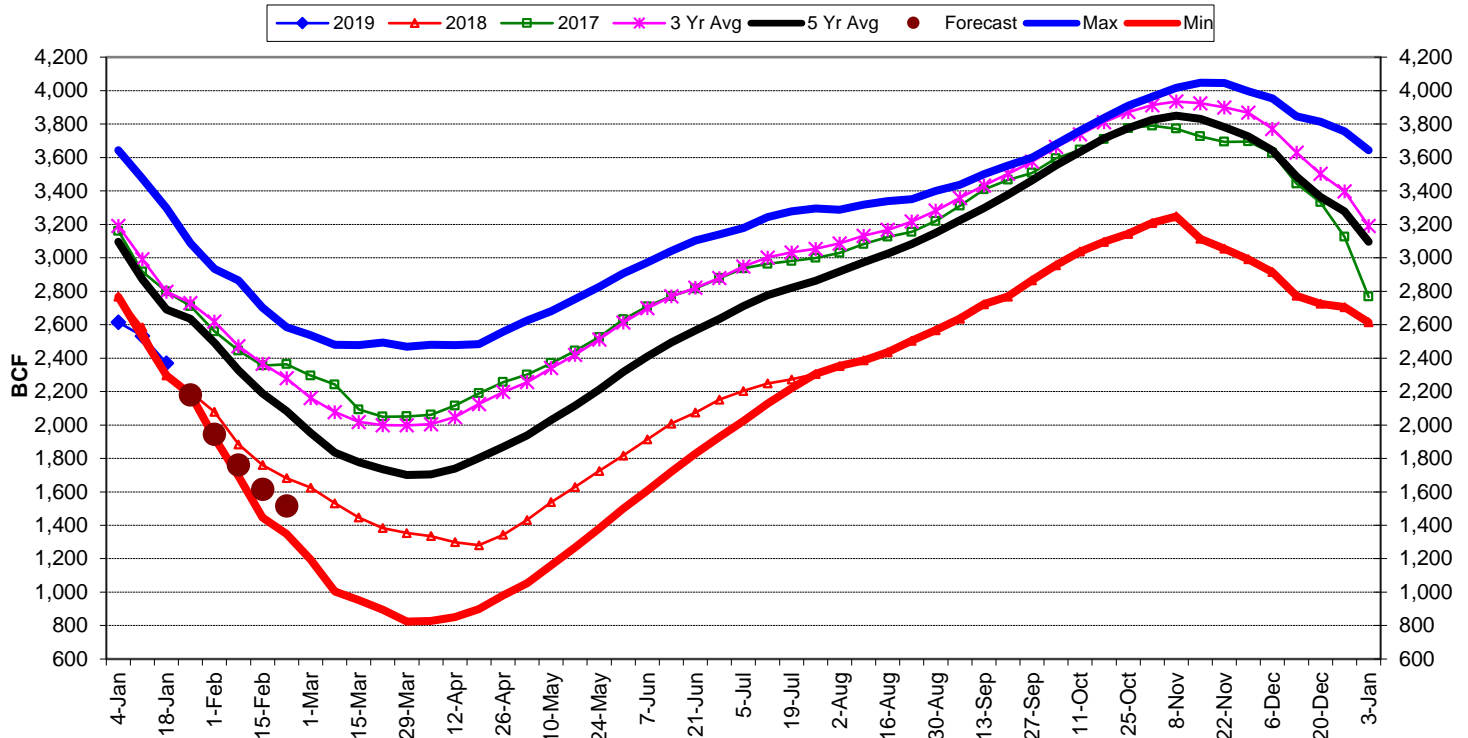
## \$/MMBtu Ratio of NYMEX CL and NG



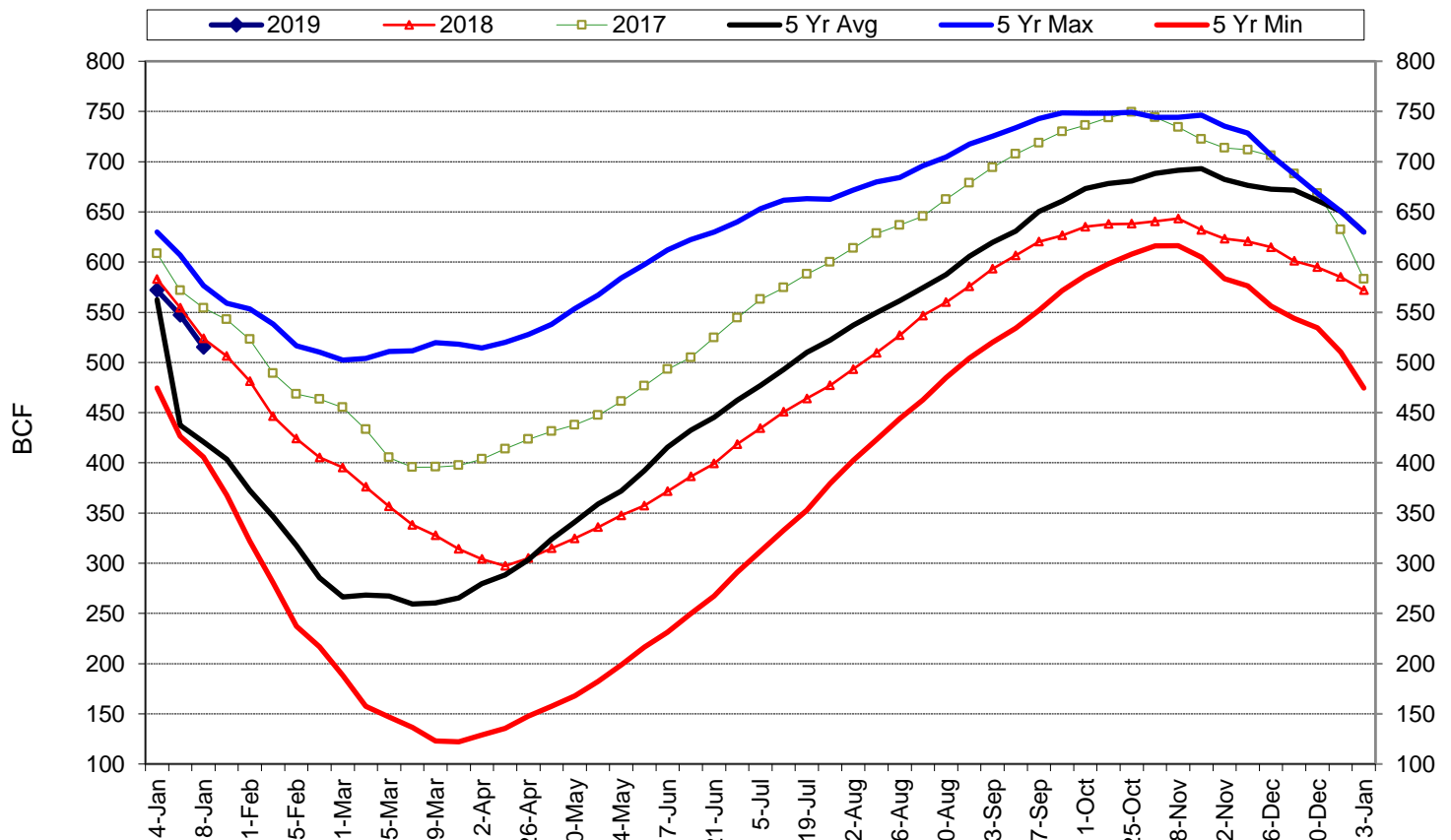
## NYMEX Calendar Strips



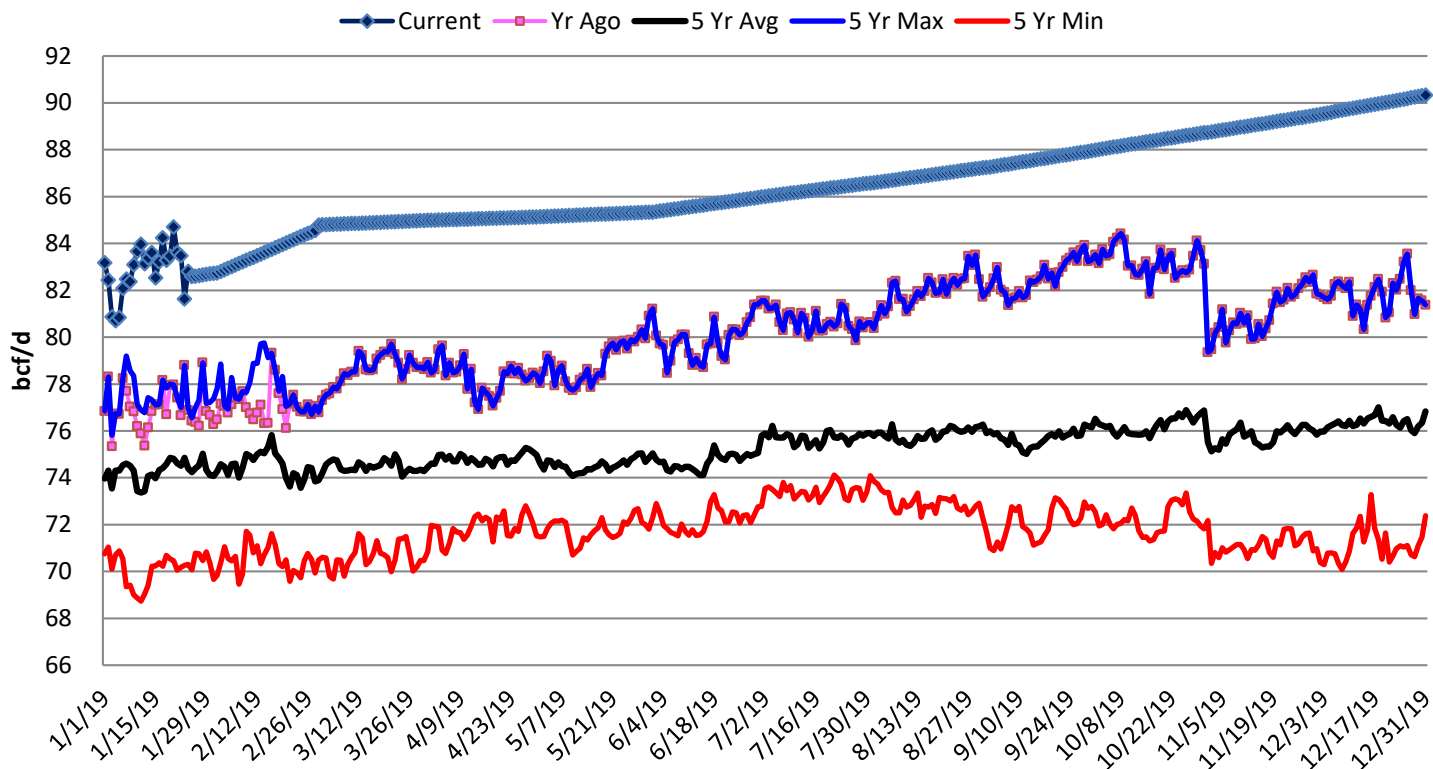
## US Total Working Gas Storage - Source - EIA



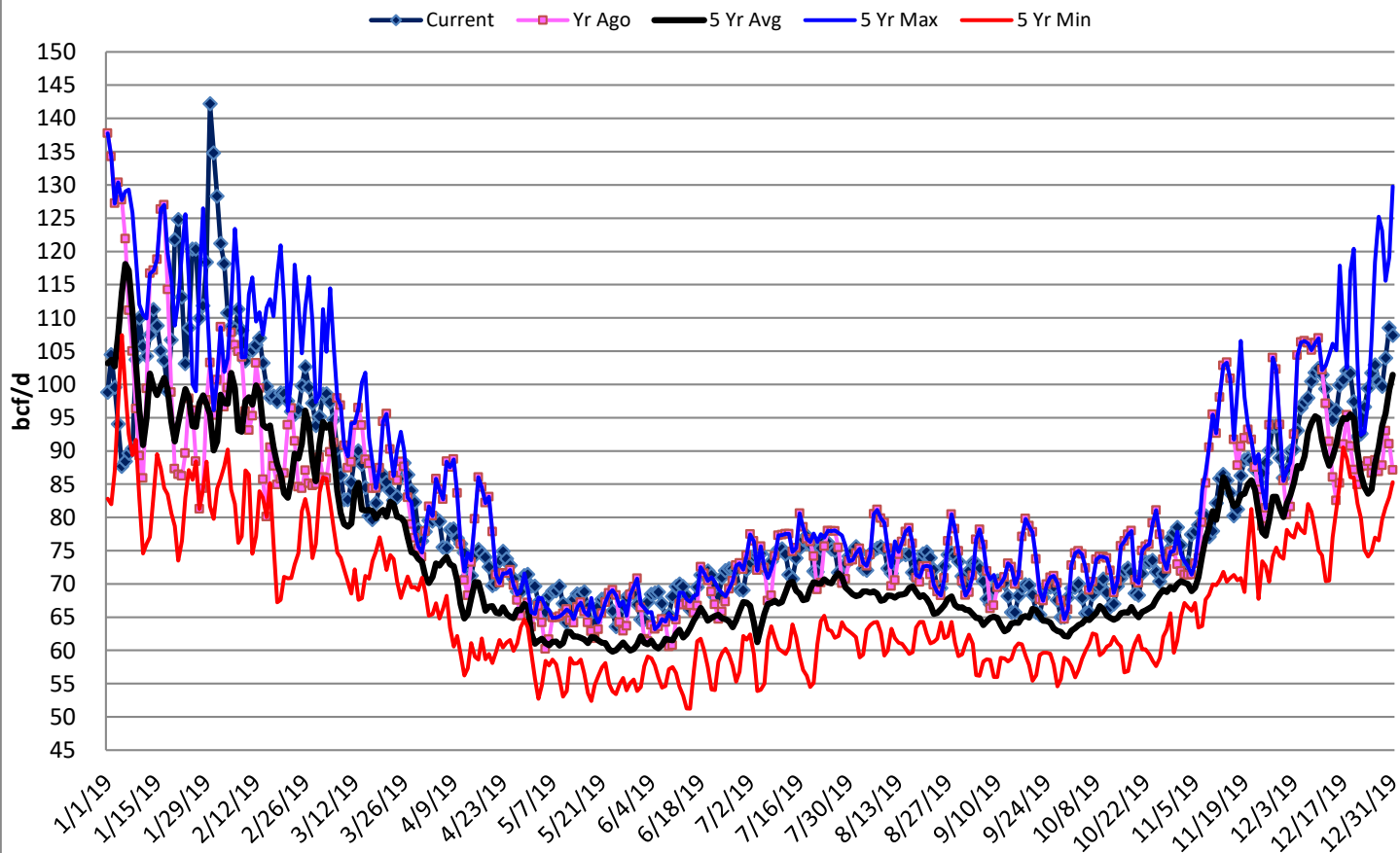
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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