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Week Ending February 1, 2019

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

Price Action: The now prompt March contract fell 33.8 cents (11.0%) to \$2.734 on a 19.39 cent range (\$2.923/\$2.730).

Price Outlook: Although temperatures were bitter cold across portions of the country, temperatures in the south were not extreme and the bitter cold abated at the end of the week with temperatures projected to rise well above normal next week. While winter is not over yet, there is little possibility of any real storage issue and price increases will likely be muted for the remainder of the winter. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (28,399) contract reduction in the managed money net long position as longs liquidated and shorts added. Total open interest fell (11,501) to 3.681 million as of December 25. Aggregated CME futures open interest rose to 1.365 million as of February 01. The current weather forecast is now warmer than 4 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. Corpus Christi is exporting 0.050 bcf. Cameron is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending January 25 indicated a withdrawal of (173) bcf. Working gas inventories fell to 2,197 bcf. Current inventories rise 0 bcf (0.0%) above last year and fall (347) bcf (-13.6%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 15 bcf from our EIA storage estimate. This week's storage returned soared outside 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.

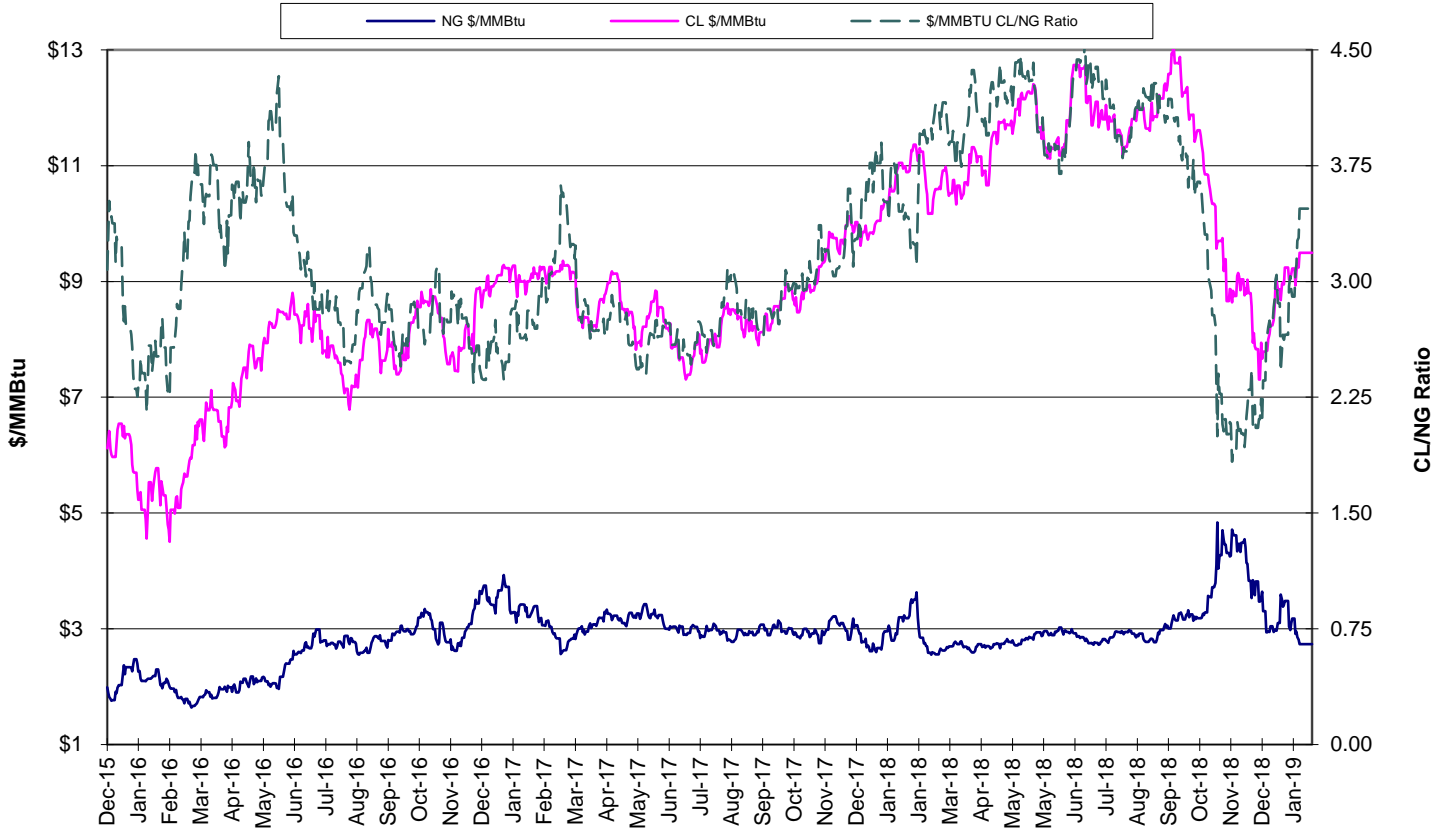
Supply Trends: Total supply fell (0.2) bcf/d to 83.6 bcf/d. US production fell. Canadian imports fell. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (14). Oil activity decreased (15). Natural gas activity increased +1. The total US rig count now stands at 1,045. The Canadian rig count rose +11 to 243. Thus, the total North American rig count fell (3) to 1,288 and now exceeds last year by +0. The higher efficiency US horizontal rig count fell (7) to 925 and rises +117 above last year.

Demand Trends: Total demand rose +4.5 bcf/d to +110.9 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +4,062 gigawatt-hrs to 83,273 which exceeds last year by +7,339 (9.7%) and exceeds the 5-year average by 4,977 (6.4%).

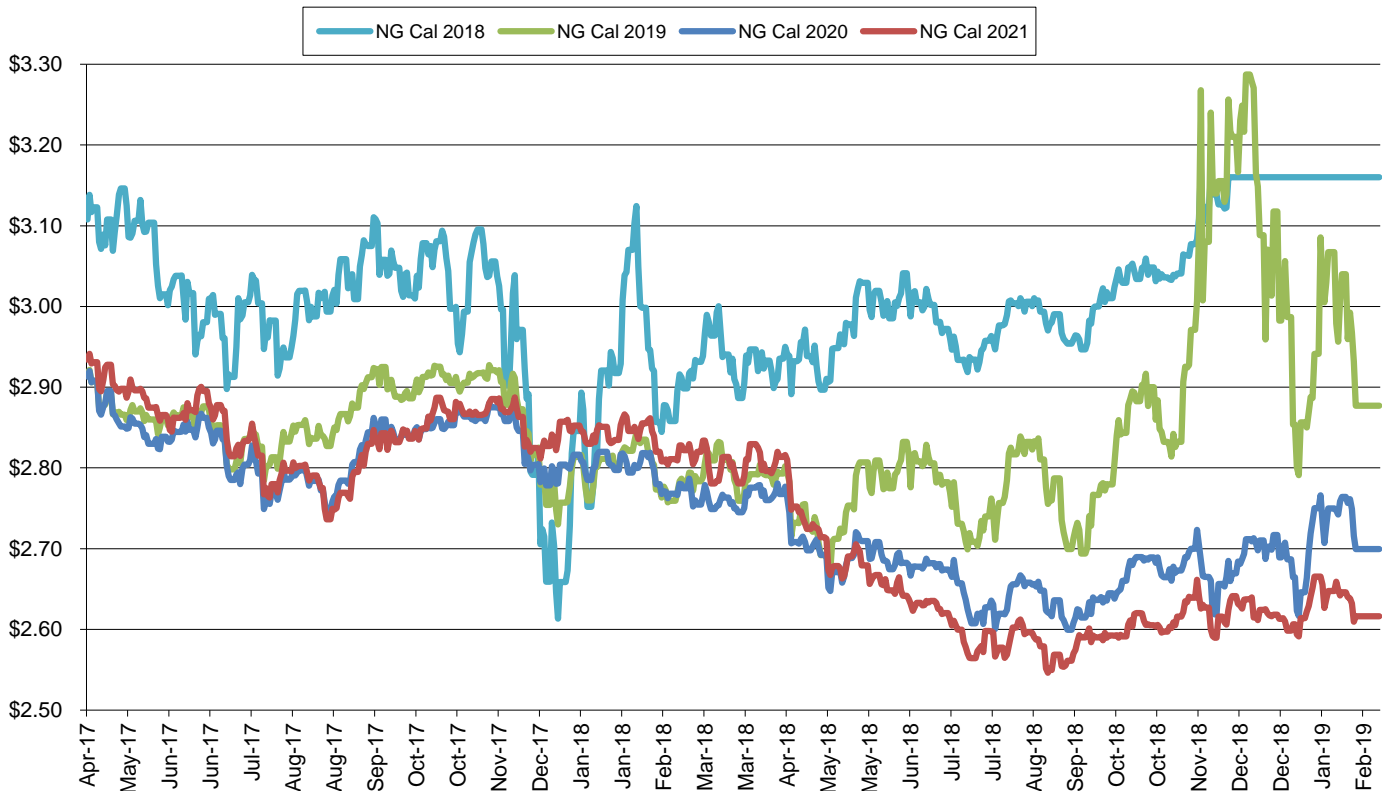
Nuclear Generation: Nuclear generation rose 138 MW in the reference week to 94,854 MW. This is (1,250) MW lower than last year and +752 MW higher than the 5-year average. Recent output was at 93,615 MW.

- The heating season has begun. With a forecast through February 15 the 2018/19 total cooling index is at (2,135) compared to (1,909) for 2017/18, (1,739) for 2016/17, (1,761) for 2015/16, (2,053) for 2014/15, (2,332) for 2013/14, (1,990) for 2012/13 and (1,968) for 2011/12.

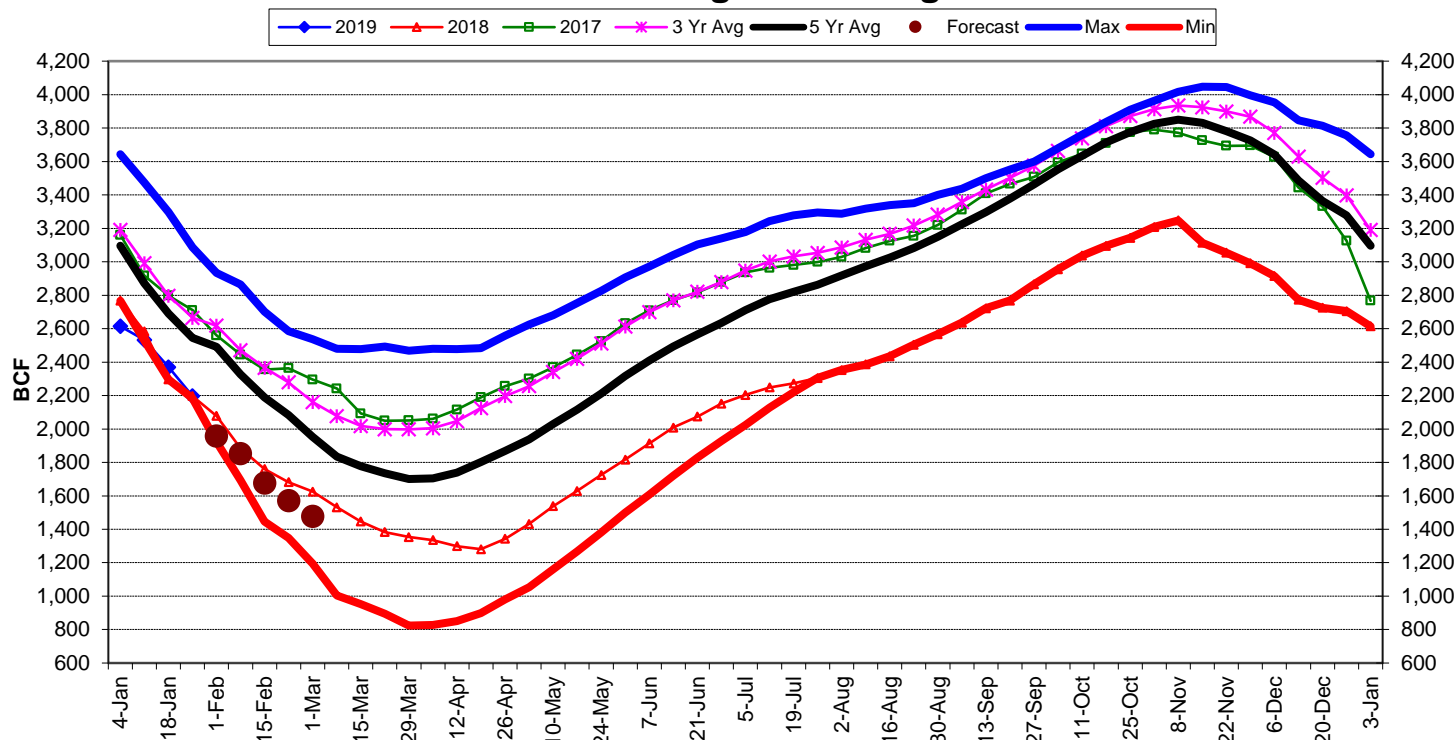
\$/MMBtu Ratio of NYMEX CL and NG



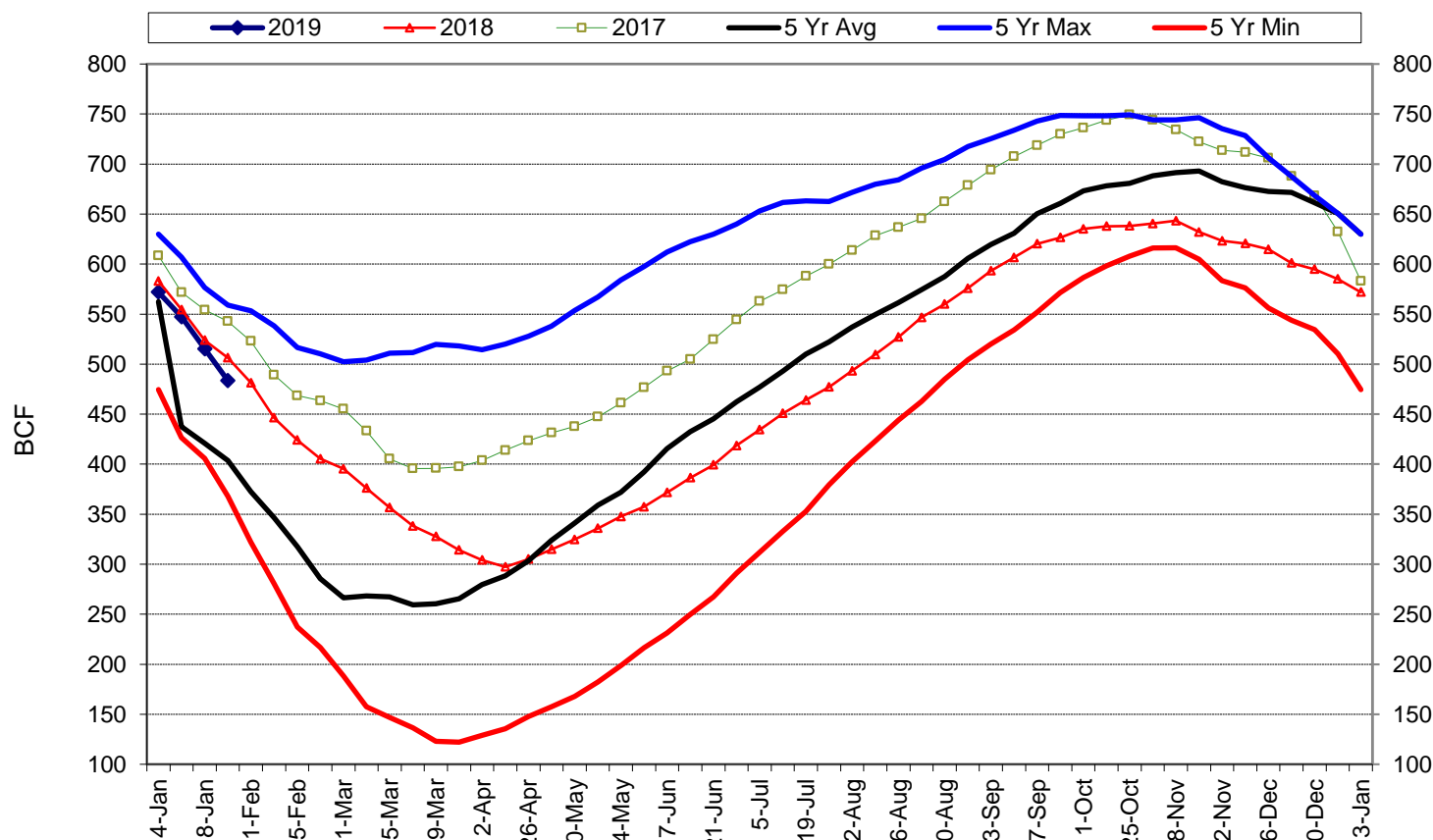
NYMEX Calendar Strips



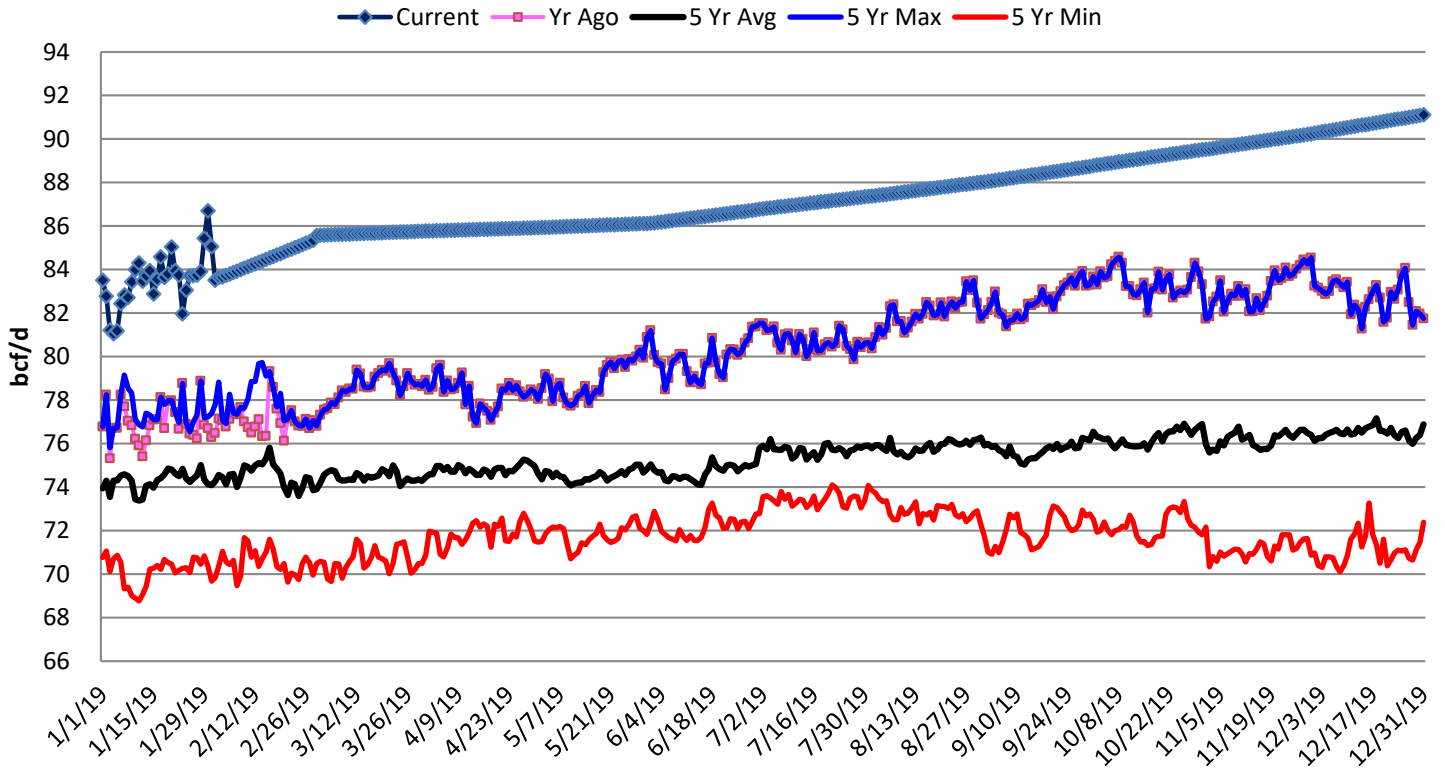
US Total Working Gas Storage - Source - EIA



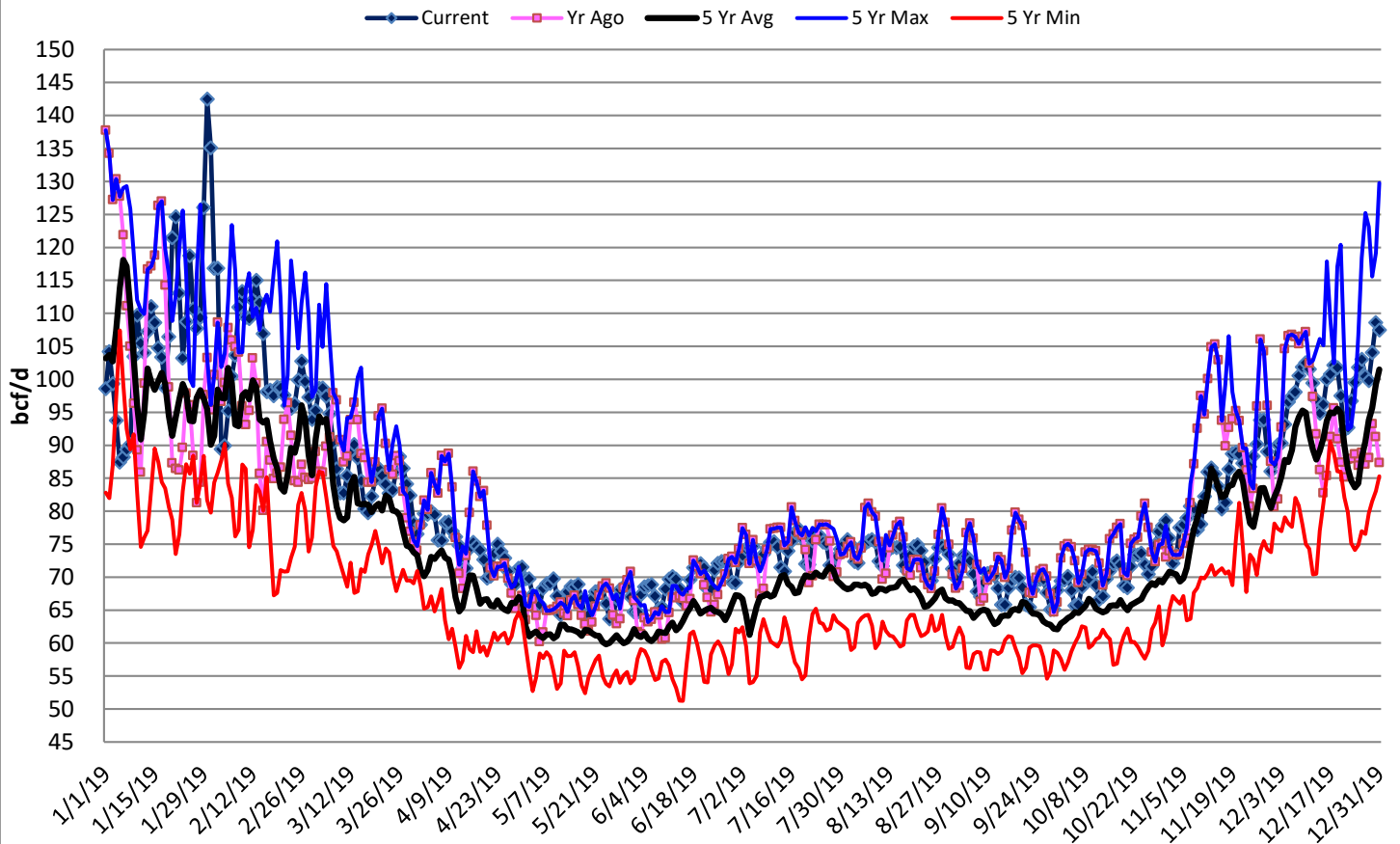
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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