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Week Ending February 8, 2019

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

Price Action: The March contract fell 15.1 cents (5.5%) to \$2.583 on an 18.4 cent range (\$2.733/\$2.549).

Price Outlook: While the EIA withdrawal of (237) bcf was well below some estimates, the extreme cold was concentrated and conservation measures likely limited withdrawals in the upper Midwest. At the same time, LNG exports were low and quite simply the South did not witness extreme temperatures. Thus, on a temperature adjusted basis, the withdrawal was considered slightly bullish. The market has established a new weekly low for 3 consecutive weeks, but that is not yet extended. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (5,872) contract reduction in the managed money net long position as longs liquidated and shorts covered. Total open interest rose 77,783 to 3.544 million as of January 08. Aggregated CME futures open interest fell to 1.306 million as of February 08. 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 3.3 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 0.274 bcf. Cameron is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending February 1 indicated a withdrawal of (237) bcf. Working gas inventories fell to 1,960 bcf. Current inventories fall (118) bcf (-5.7%) below last year and fall (425) bcf (-17.8%) 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 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.

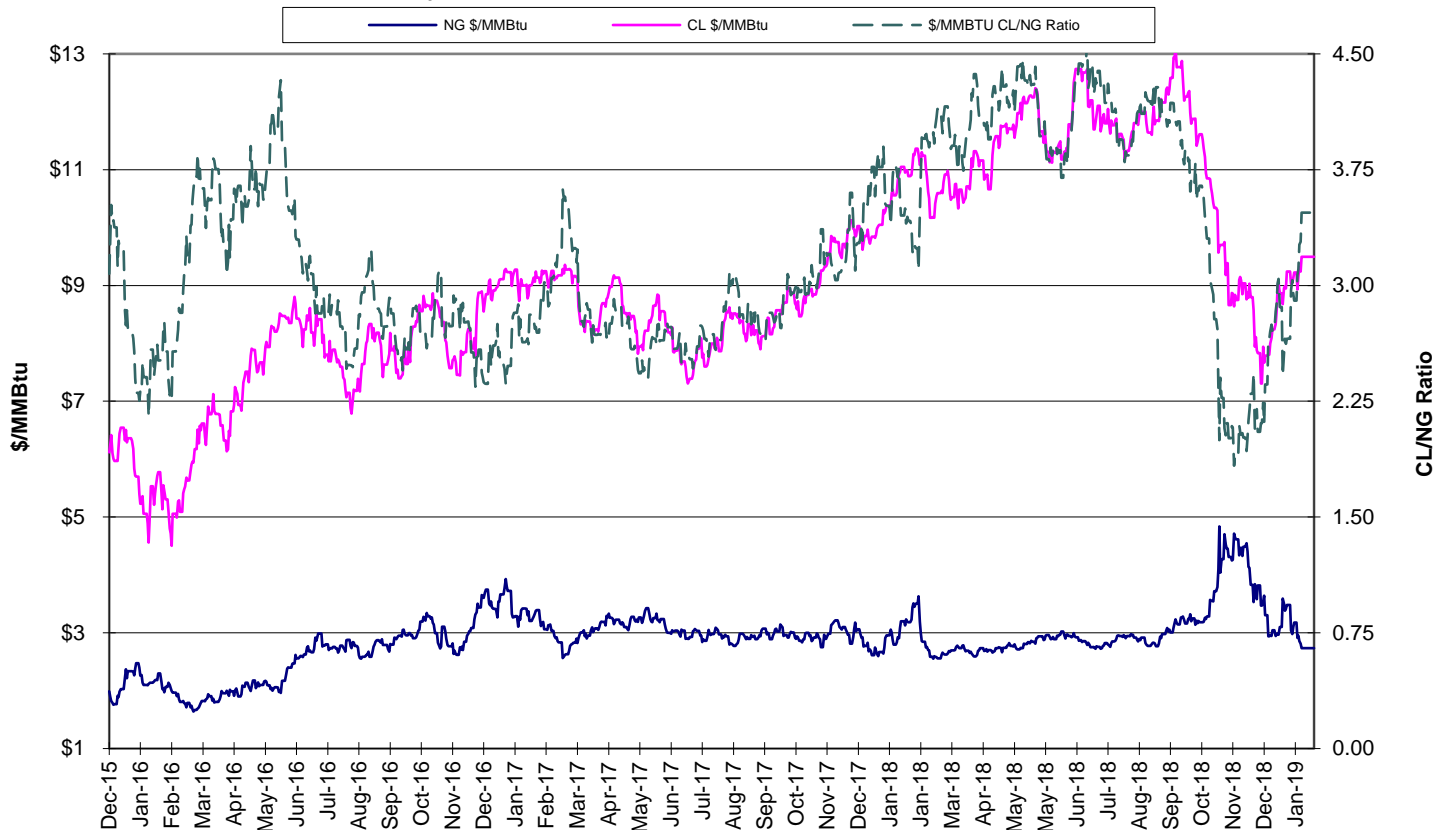
Supply Trends: Total supply rose 1.0 bcf/d to 84.7 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count rose +4. Oil activity increased +7. Natural gas activity decreased (3). The total US rig count now stands at 1,049. The Canadian rig count fell (3) to 240. Thus, the total North American rig count rose +1 to 1,289 and now trails last year by (11). The higher efficiency US horizontal rig count fell (2) to 923 and rises +91 above last year.

Demand Trends: Total demand rose +10.6 bcf/d to +120.5 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand fell (283) gigawatt-hrs to 82,990 which exceeds last year by +5,101 (6.5%) and exceeds the 5-year average by 4,426 (5.6%).

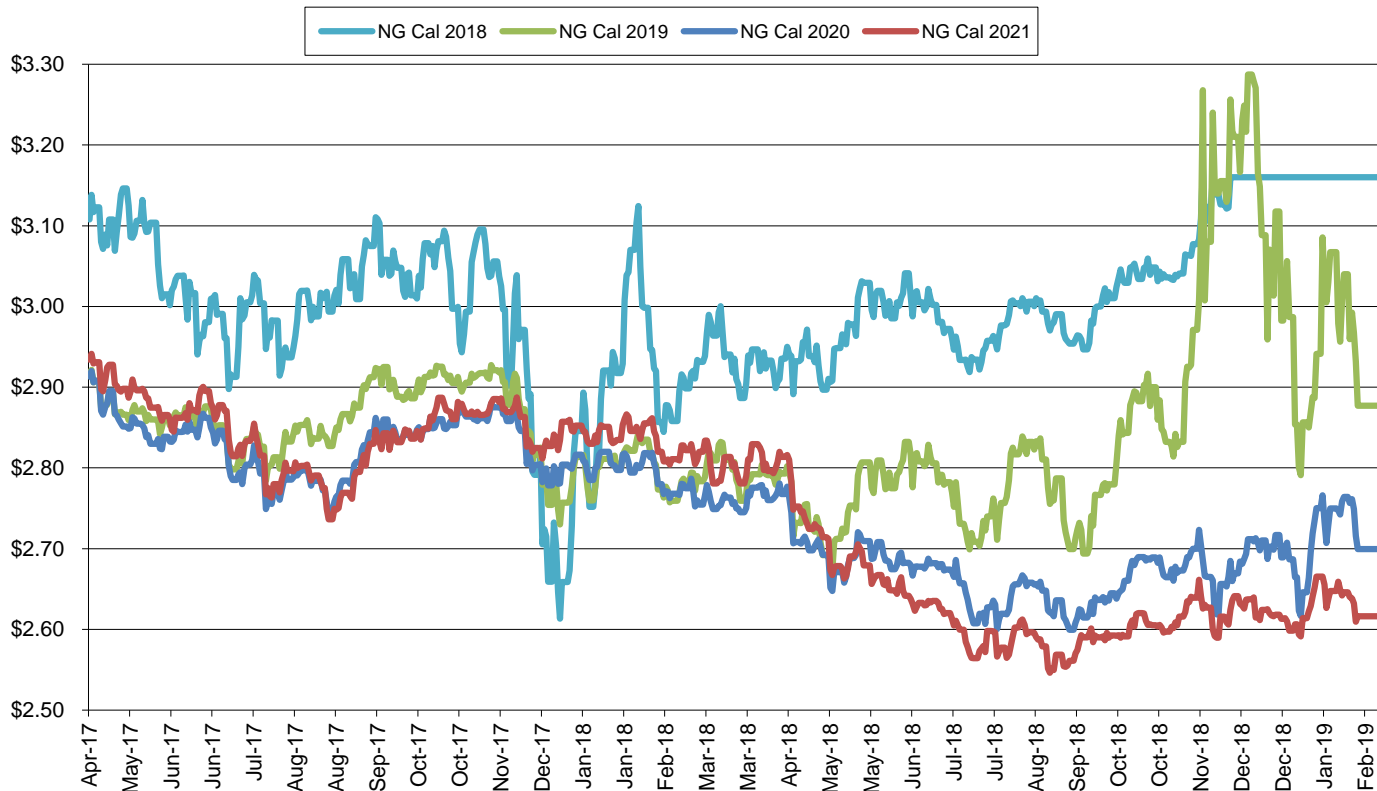
Nuclear Generation: Nuclear generation fell (1,327) MW in the reference week to 93,527 MW. This is (1,156) MW lower than last year and +922 MW higher than the 5-year average. Recent output was at 93,382 MW.

- The heating season has begun. With a forecast through February 22 the 2018/19 total cooling index is at (2,219) compared to (2,033) for 2017/18, (1,794) for 2016/17, (1,859) for 2015/16, (2,209) for 2014/15, (2,456) for 2013/14, (2,151) for 2012/13 and (2,092) for 2011/12.

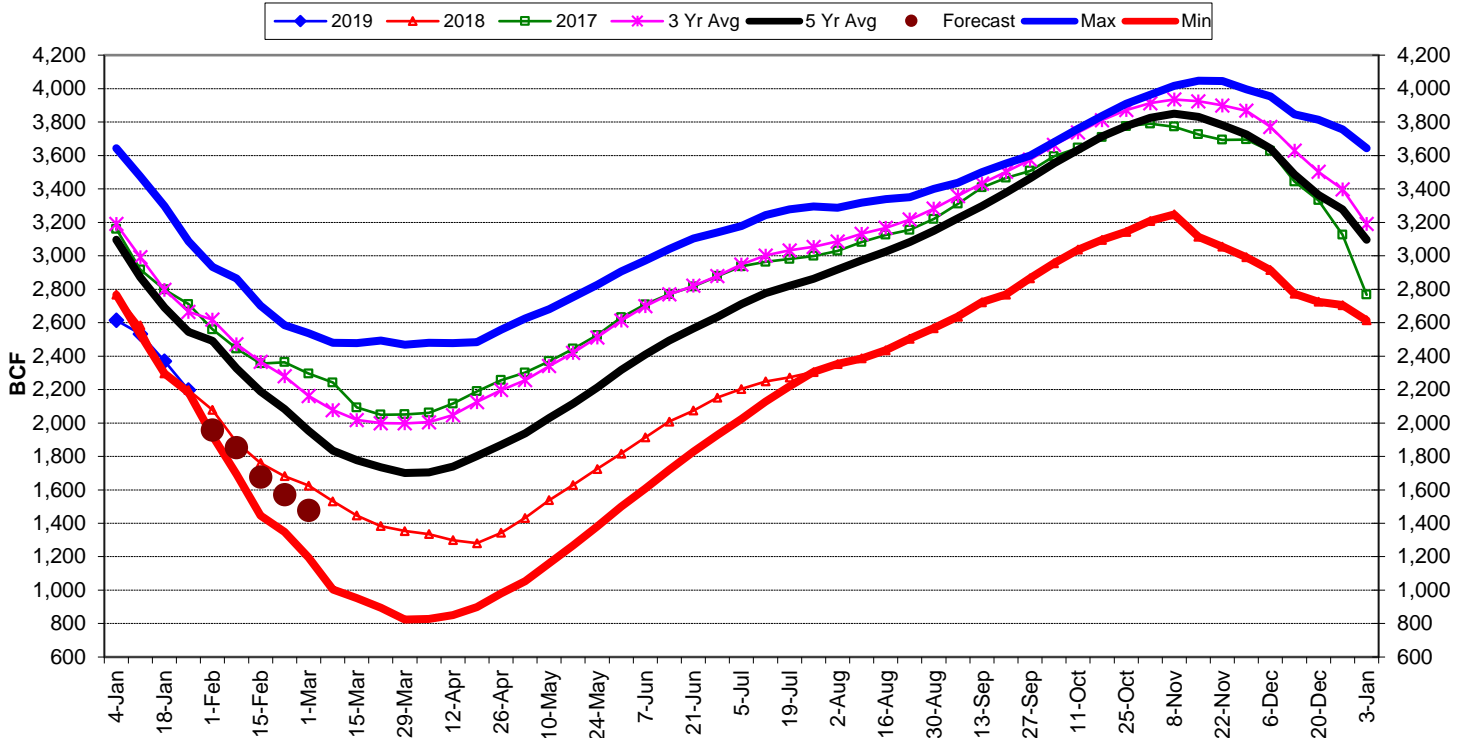
\$/MMBtu Ratio of NYMEX CL and NG



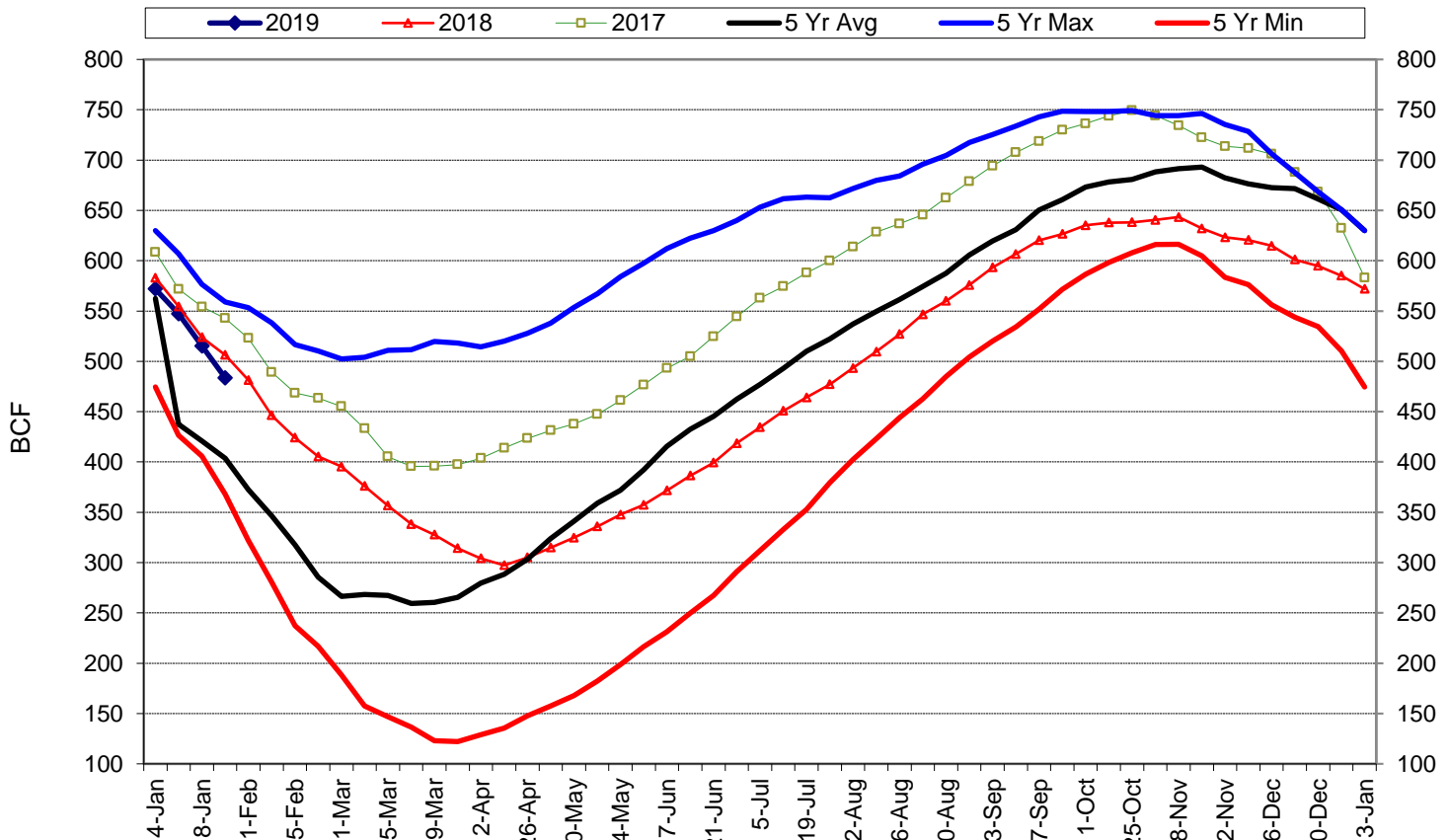
NYMEX Calendar Strips



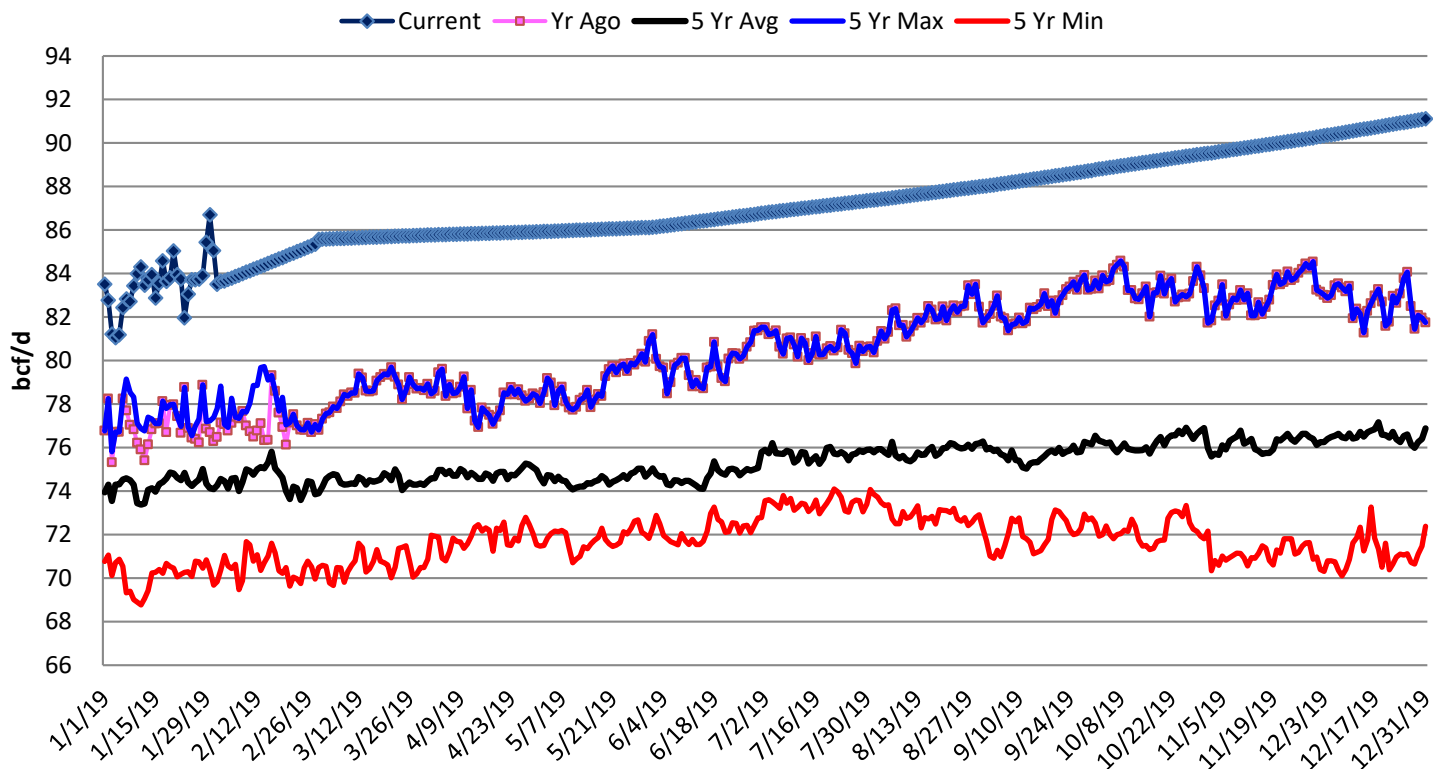
US Total Working Gas Storage - Source - EIA



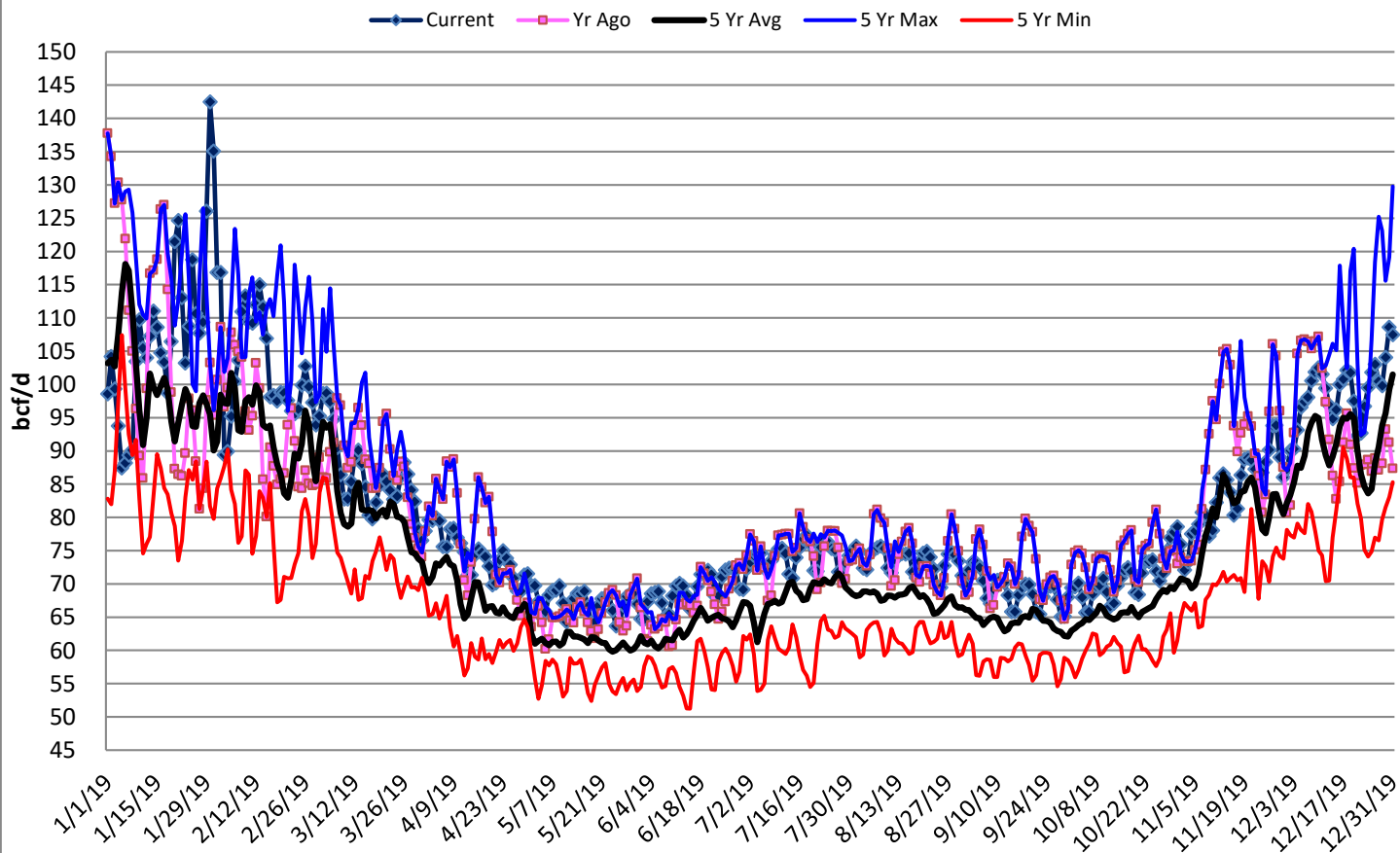
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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