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Week Ending February 22, 2019

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

Price Action: The March contract rose 9.2 cents (3.5%) to \$2.717 on a 12.6 cent range (\$2.726/\$2.600).

Price Outlook: After posting both a new high and low last week, a miniscule 12.6 cent range left prices within last week's 20.1 cent range (\$2.744/\$2.543) for a rare inside week. Of the 999 weeks since 2000, natural gas has only witnessed 94 weeks with neither a new high nor low. Considering the bullish weather forecasts and a still relatively low price level, it seems more likely that a new high is made next week. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (13,735) contract reduction in the managed money net long position as longs liquidated and shorts added. Total open interest fell (317) to 3.511 million as of February 05. Aggregated CME futures open interest fell to 1.167 million as of February 22. This is the lowest open interest since January 25, 2017.

Weekly Storage: US working gas storage for the week ending February 15 indicated a withdrawal of (177) bcf. Working gas inventories fell to 1,705 bcf. Current inventories fall (55) bcf (-3.1%) below last year and fall (379) bcf (-18.2%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was (11) bcf from our EIA storage estimate. This week's storage returned 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.

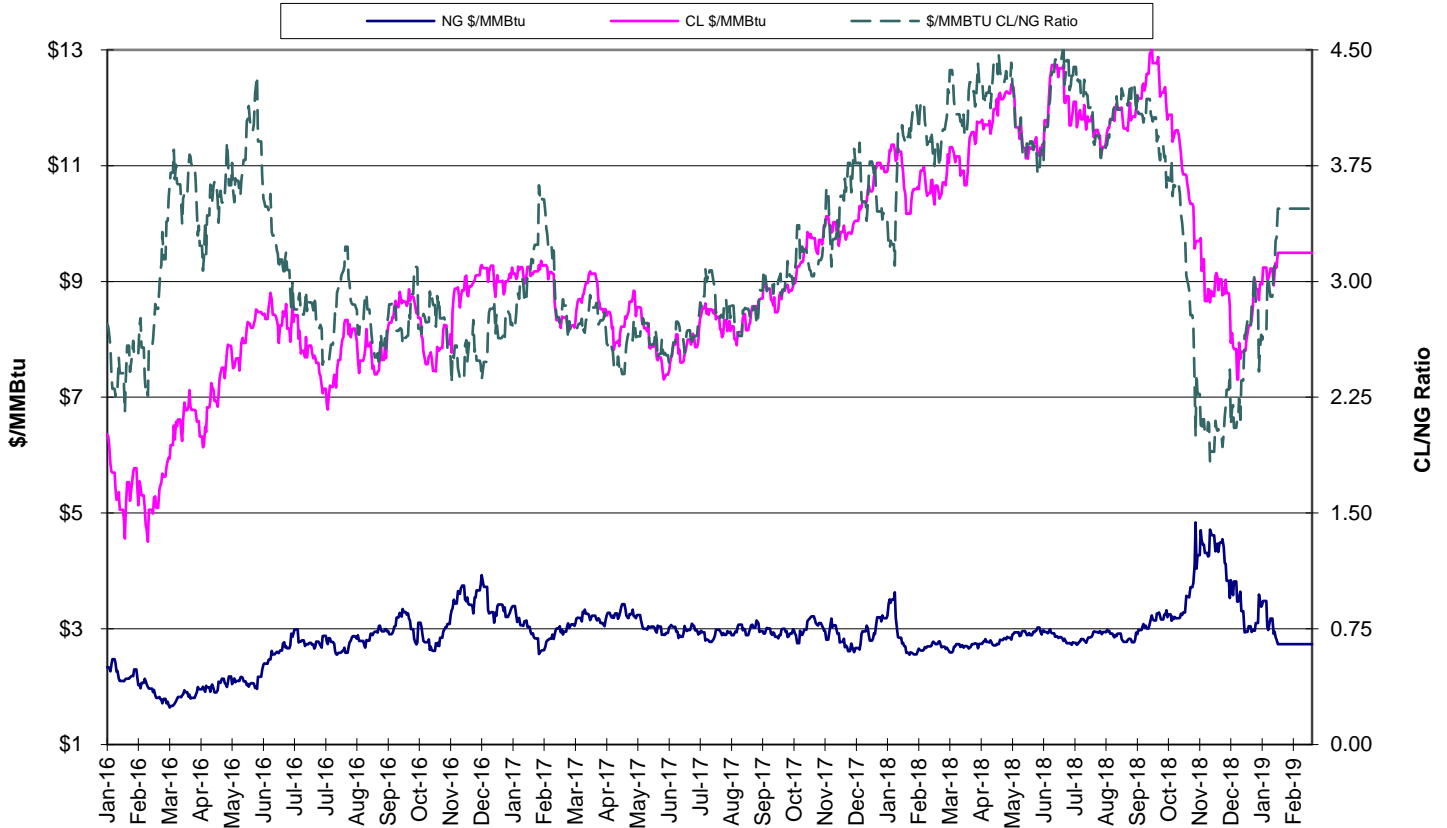
Supply Trends: Total supply fell (1.4) bcf/d to 82.7 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (4). Oil activity decreased (4). Natural gas activity was unchanged +0. The total US rig count now stands at 1,047. The Canadian rig count fell (12) to 212. Thus, the total North American rig count fell (16) to 1,259 and now trails last year by (25). The higher efficiency US horizontal rig count rose +1 to 916 and rises +74 above last year.

Demand Trends: Total demand rose +11.2 bcf/d to +106.2 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +1,604 gigawatt-hrs to 77,789 which exceeds last year by +2,477 (3.3%) and exceeds the 5-year average by 994 (1.3%).

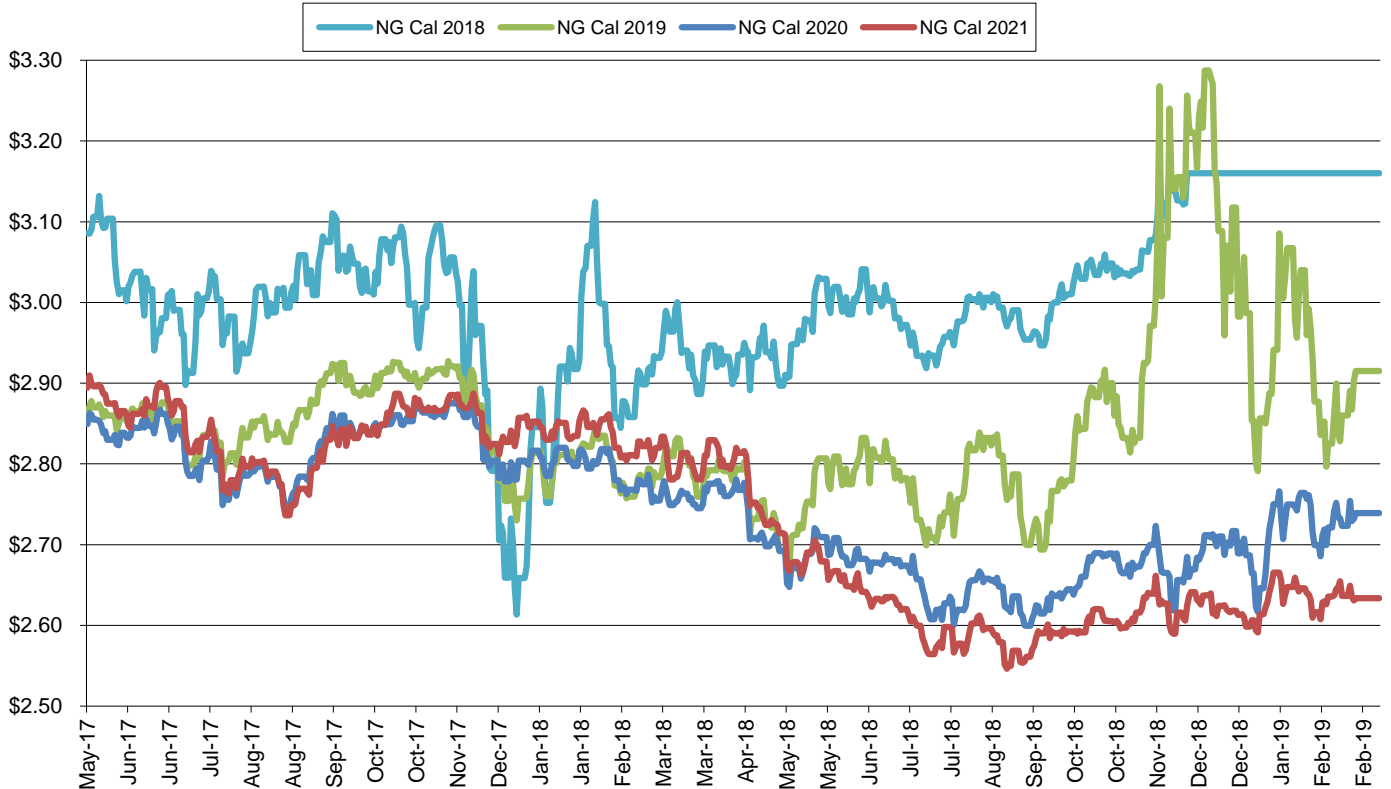
Nuclear Generation: Nuclear generation fell (1,625) MW in the reference week to 91,544 MW. This is +1,230 MW higher than last year and +1,386 MW higher than the 5-year average. Recent output was at 90,094 MW.

- The heating season has begun. With a forecast through March 8 the 2018/19 total cooling index is at (2,554) compared to (2,243) for 2017/18, (1,985) for 2016/17, (2,075) for 2015/16, (2,524) for 2014/15, (2,733) for 2013/14, (2,459) for 2012/13 and (2,331) for 2011/12.

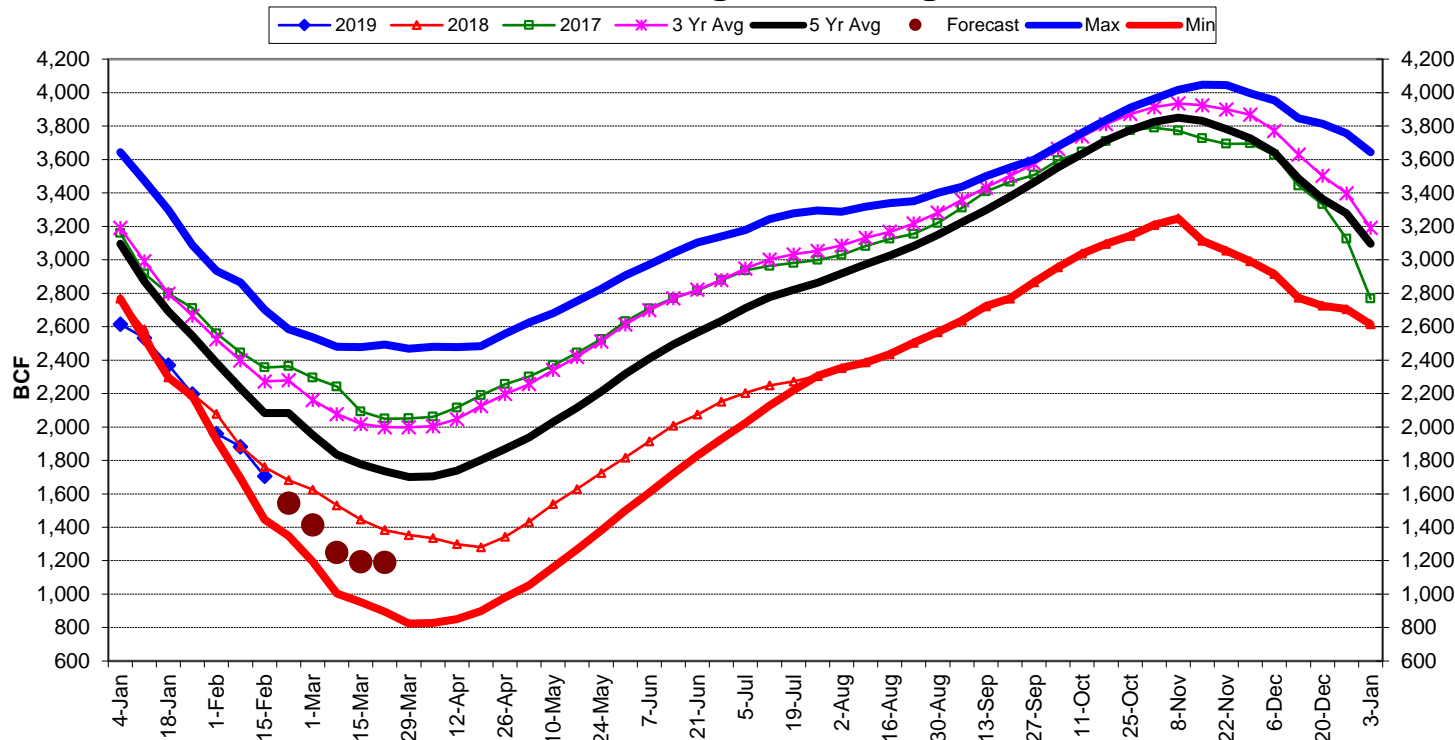
\$/MMBtu Ratio of NYMEX CL and NG



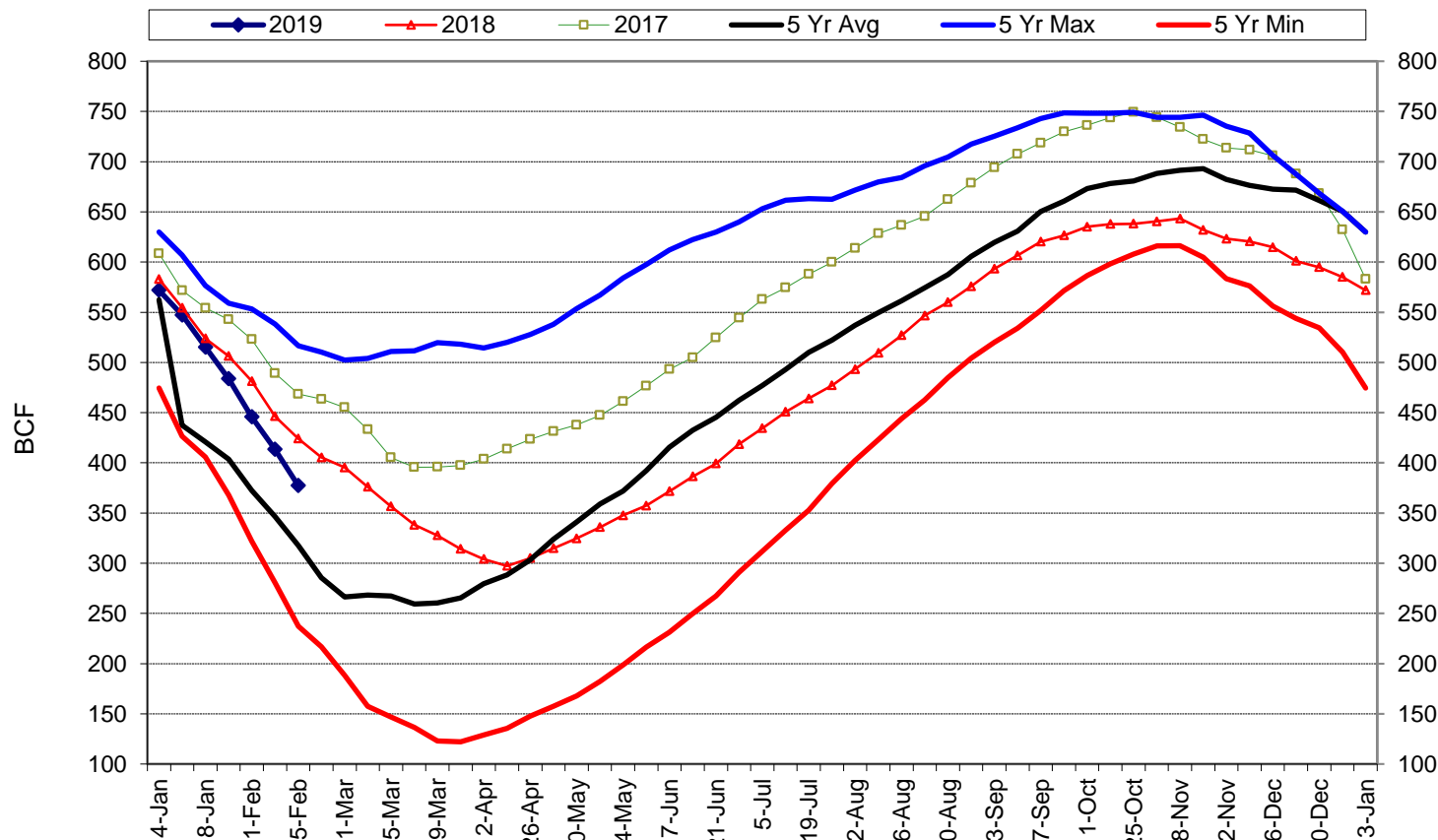
NYMEX Calendar Strips



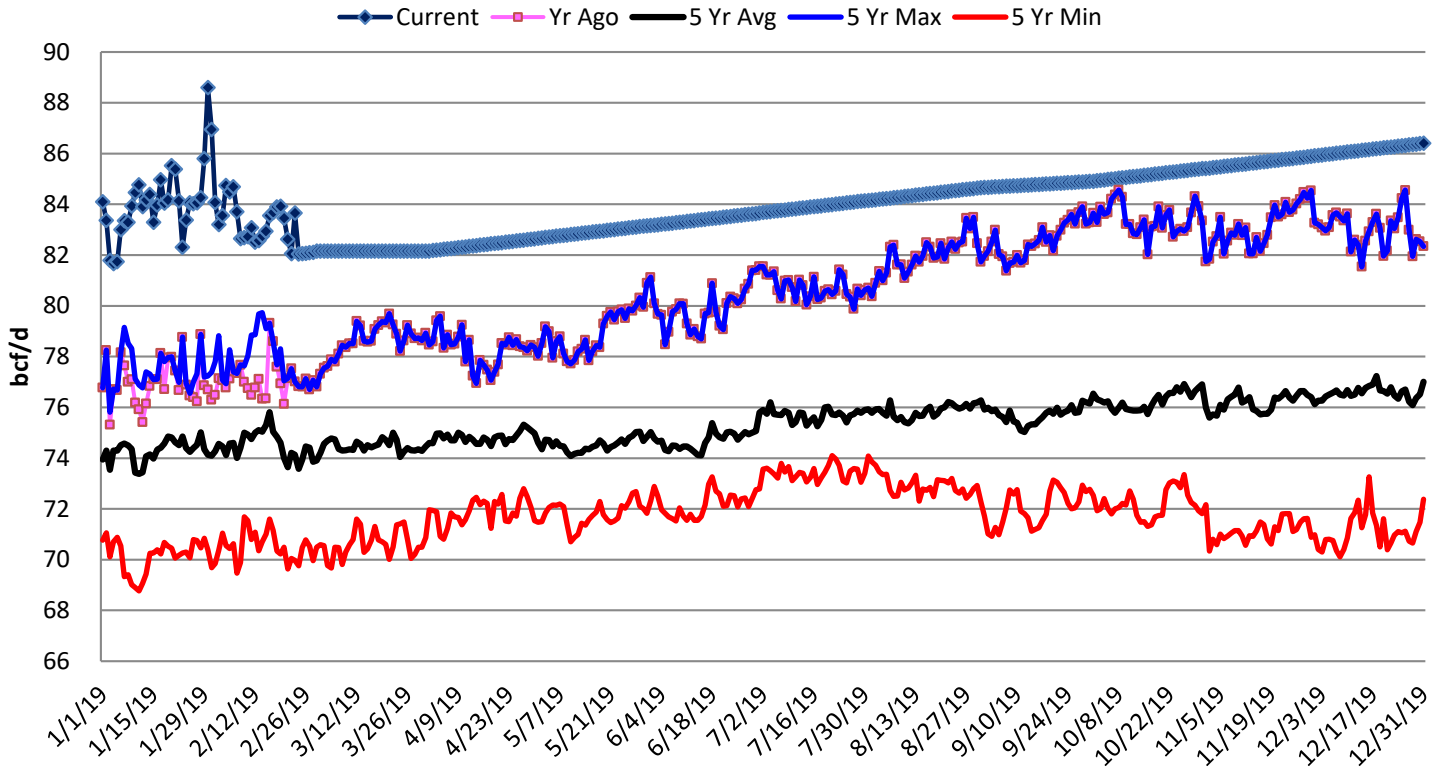
US Total Working Gas Storage - Source - EIA



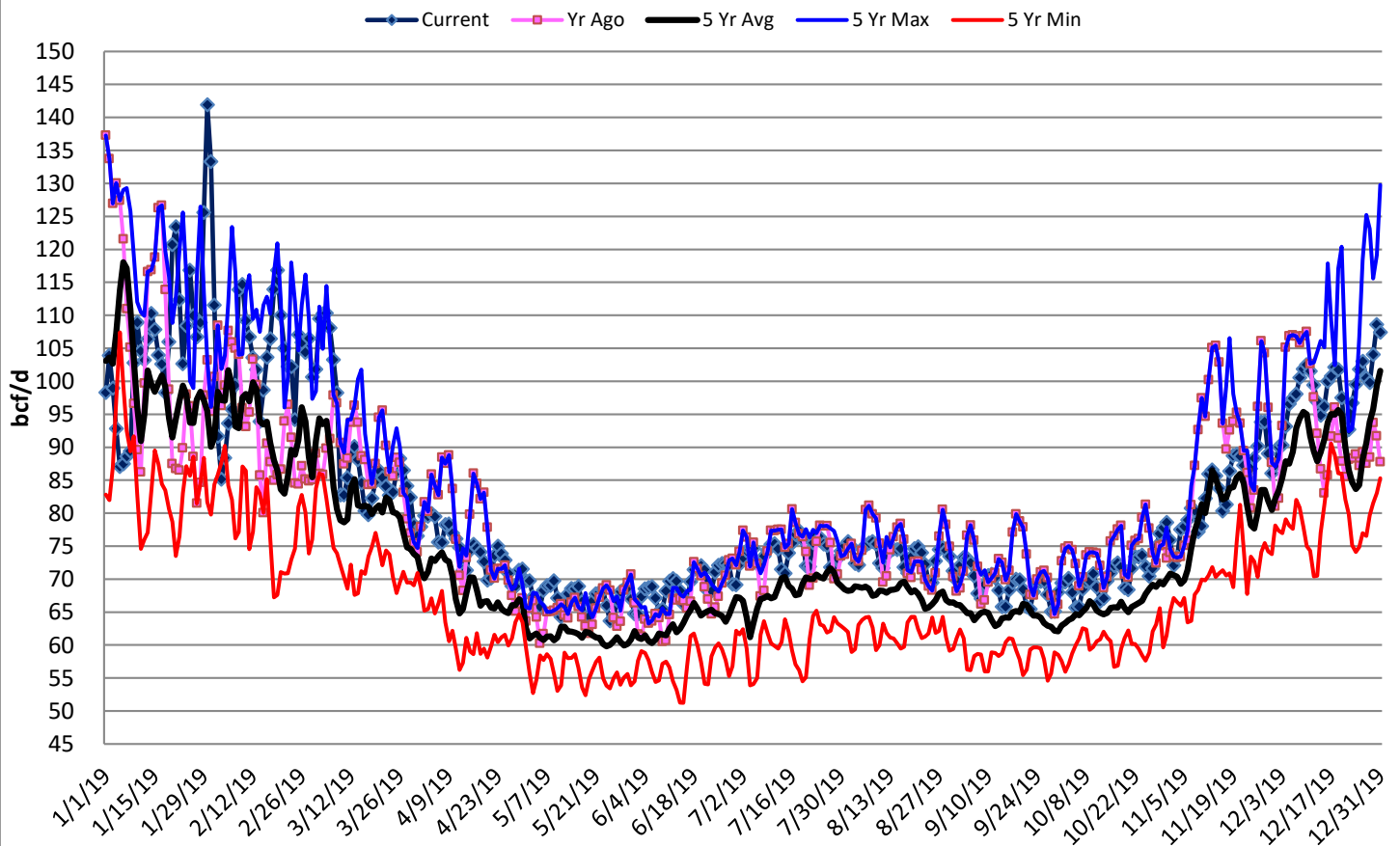
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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