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Week Ending March 1, 2019

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

Price Action: The now prompt April contract rose 12.0 cents (4.4%) to \$2.859 on a 14.0 cent range (\$2.872/\$2.732).

Price Outlook: Despite a smaller than reported EIA storage withdrawal, prices rose as weather forecasts remain very bullish. Since early February, over 220 bcf of demand has been predicted due to the below normal weather forecasts. Due to still adequate over storage levels, price spikes on the futures, may be restrained. However, regional daily cash prices have responded with prices at the Washington/British Columbia border reaching a record \$200/MMBtu with Midcontinent prices soaring above \$10/MMBtu. When there is bullish weather, there is demand. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (22,671) contract reduction in the managed money net long position as longs liquidated and shorts added. The managed money net long position is the lowest since September 25, 2018. The managed money long position is the lowest since September 18, 2018 Total open interest fell (46,275) to 3.382 million as of February 19. Aggregated CME futures open interest rose to 1.188 million as of March 01. The current weather forecast is now cooler than 10 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 4.1 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 0.694 bcf. Cameron is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending February 22 indicated a withdrawal of (166) bcf. Working gas inventories fell to 1,539 bcf. Current inventories fall (143) bcf (-8.5%) below last year and fall (444) bcf (-22.4%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 7 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.

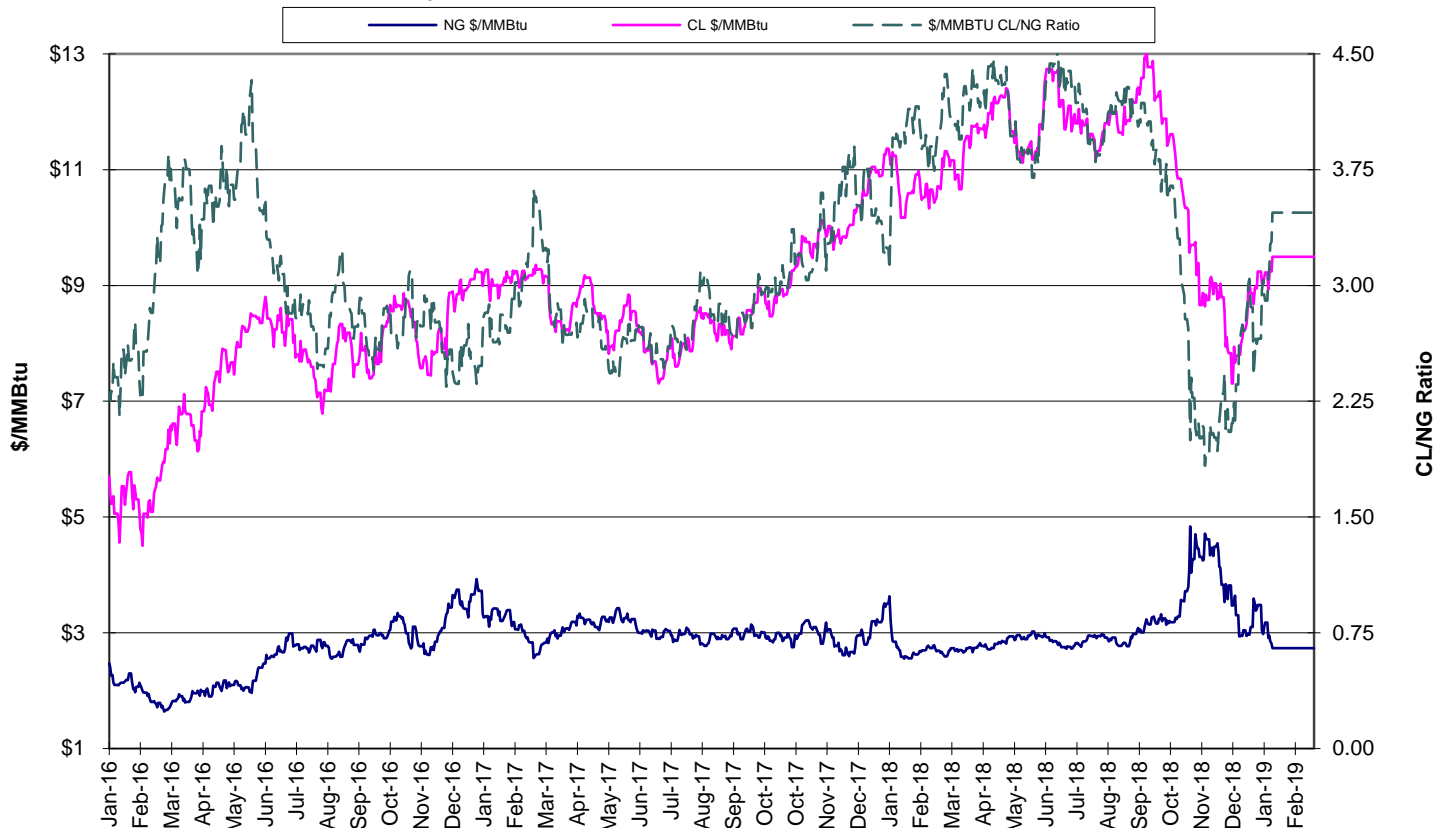
Supply Trends: Total supply rose 0.8 bcf/d to 83.9 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (9). Oil activity decreased (10). Natural gas activity increased +1. The total US rig count now stands at 1,038. The Canadian rig count fell (1) to 211. Thus, the total North American rig count fell (10) to 1,249 and now trails last year by (34). The higher efficiency US horizontal rig count fell (5) to 911 and rises +64 above last year.

Demand Trends: Total demand rose +1.5 bcf/d to +108.5 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand rose. Electricity demand rose +895 gigawatt-hrs to 78,684 which exceeds last year by +4,892 (6.6%) and exceeds the 5-year average by 4,014 (5.4%).

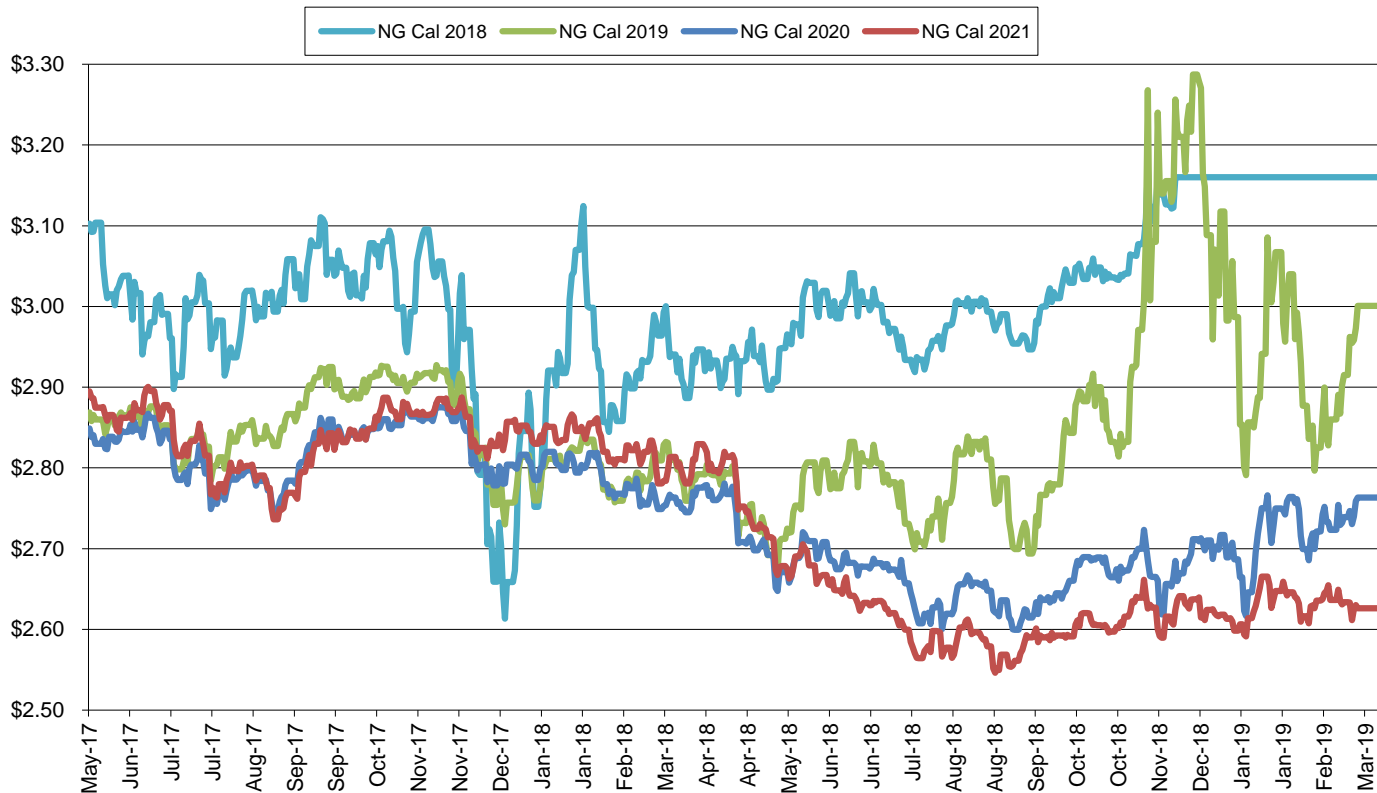
Nuclear Generation: Nuclear generation fell (2,918) MW in the reference week to 88,626 MW. This is (1,827) MW lower than last year and +74 MW higher than the 5-year average. Recent output was at 89,716 MW.

- The heating season has begun. With a forecast through March 15 the 2018/19 total cooling index is at (2,690) compared to (2,379) for 2017/18, (2,107) for 2016/17, (2,419) for 2015/16, (2,593) for 2014/15, (2,831) for 2013/14, (2,567) for 2012/13 and (2,399) for 2011/12.

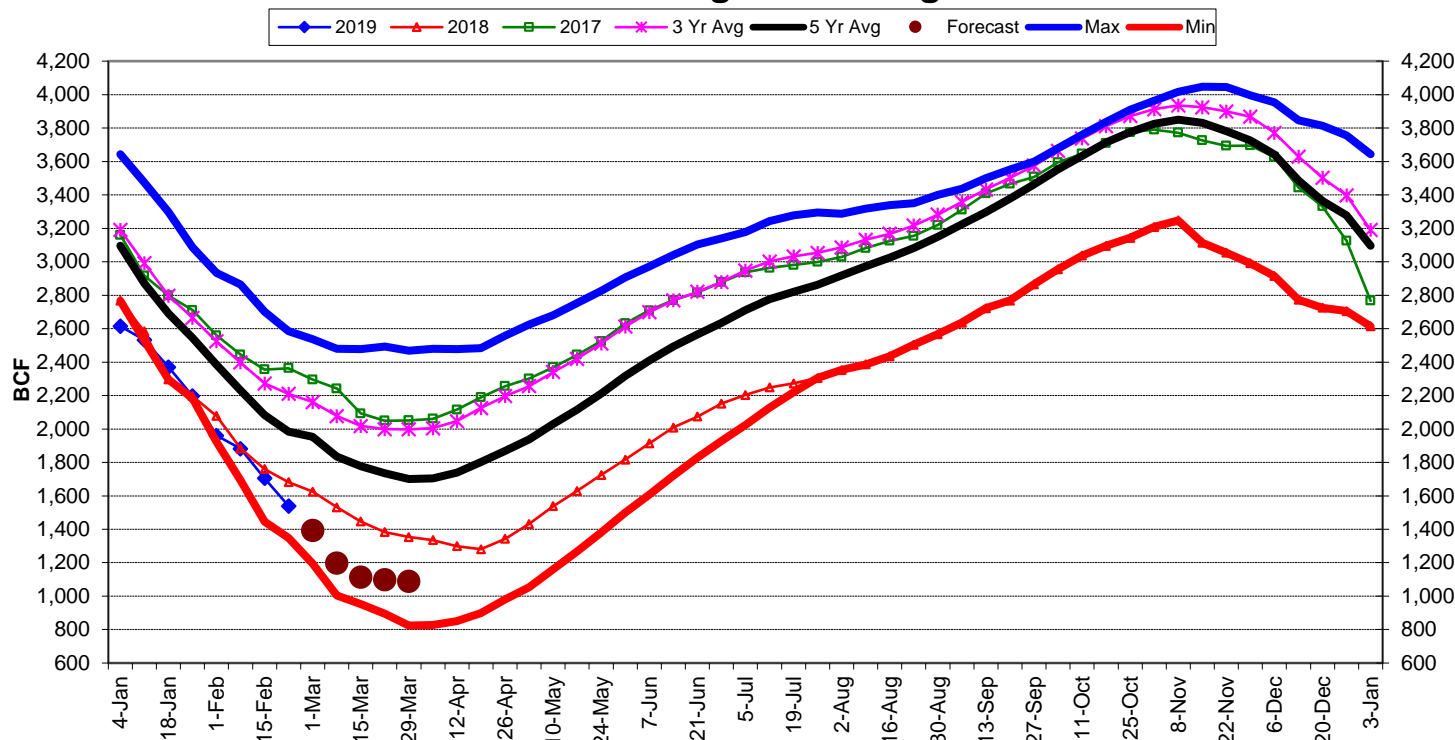
\$/MMBtu Ratio of NYMEX CL and NG



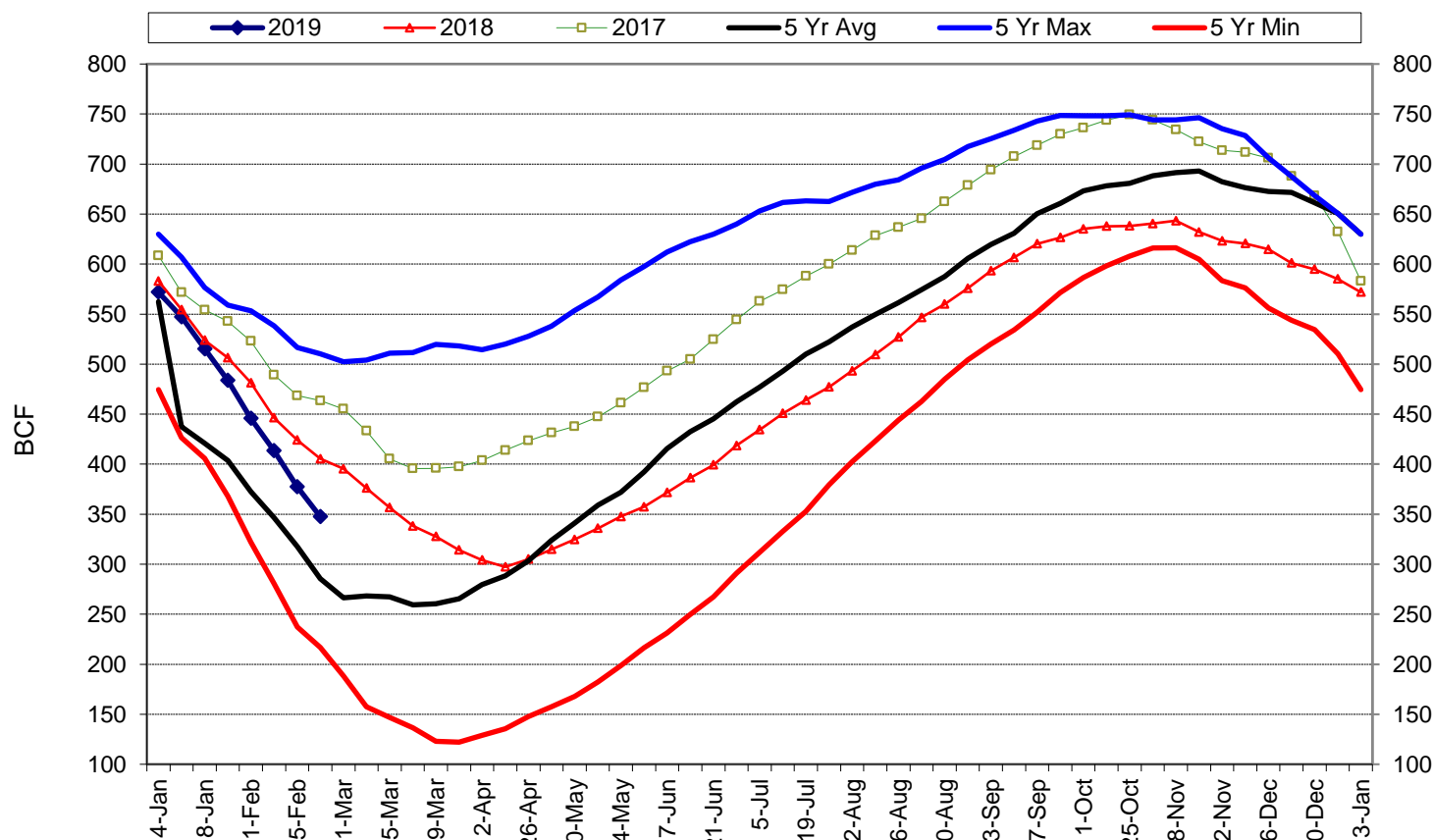
NYMEX Calendar Strips



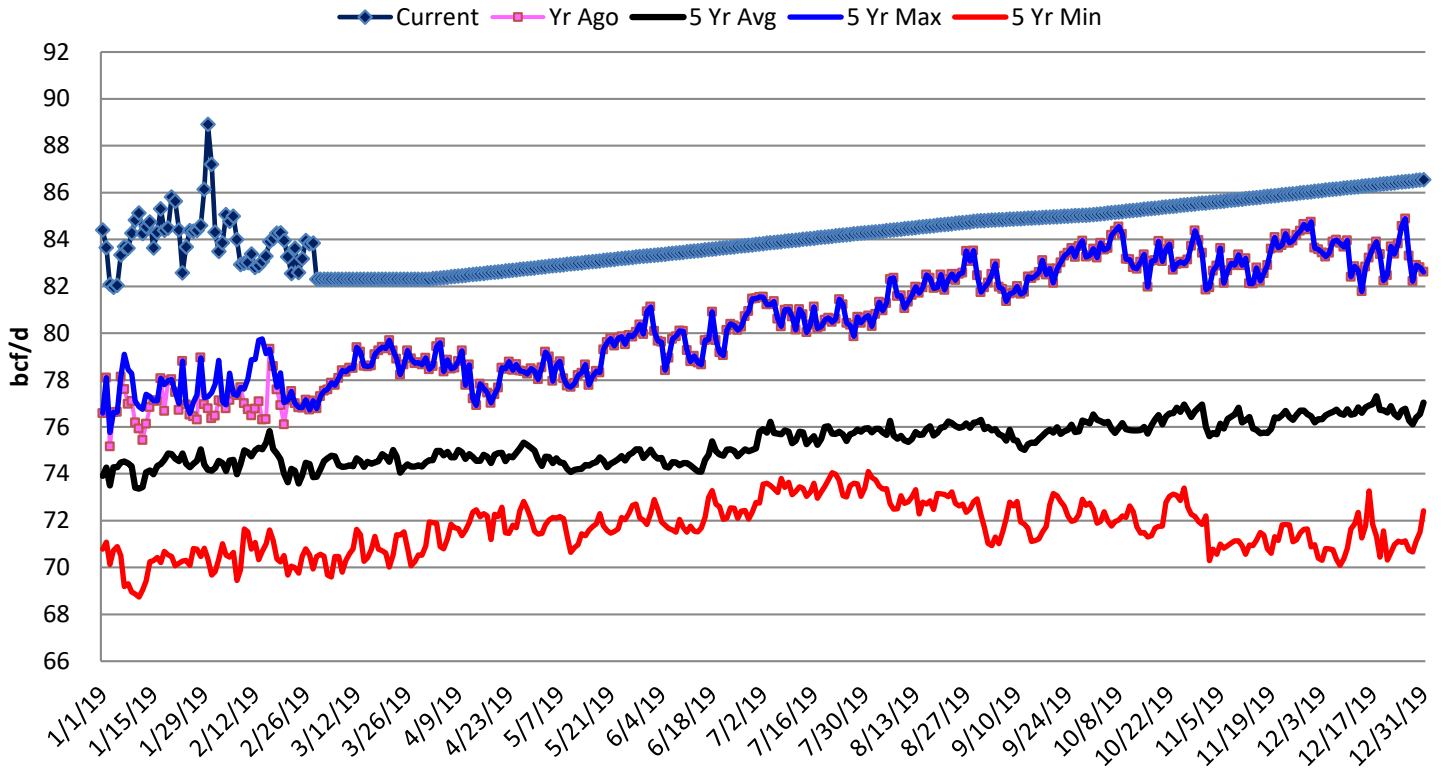
US Total Working Gas Storage - Source - EIA



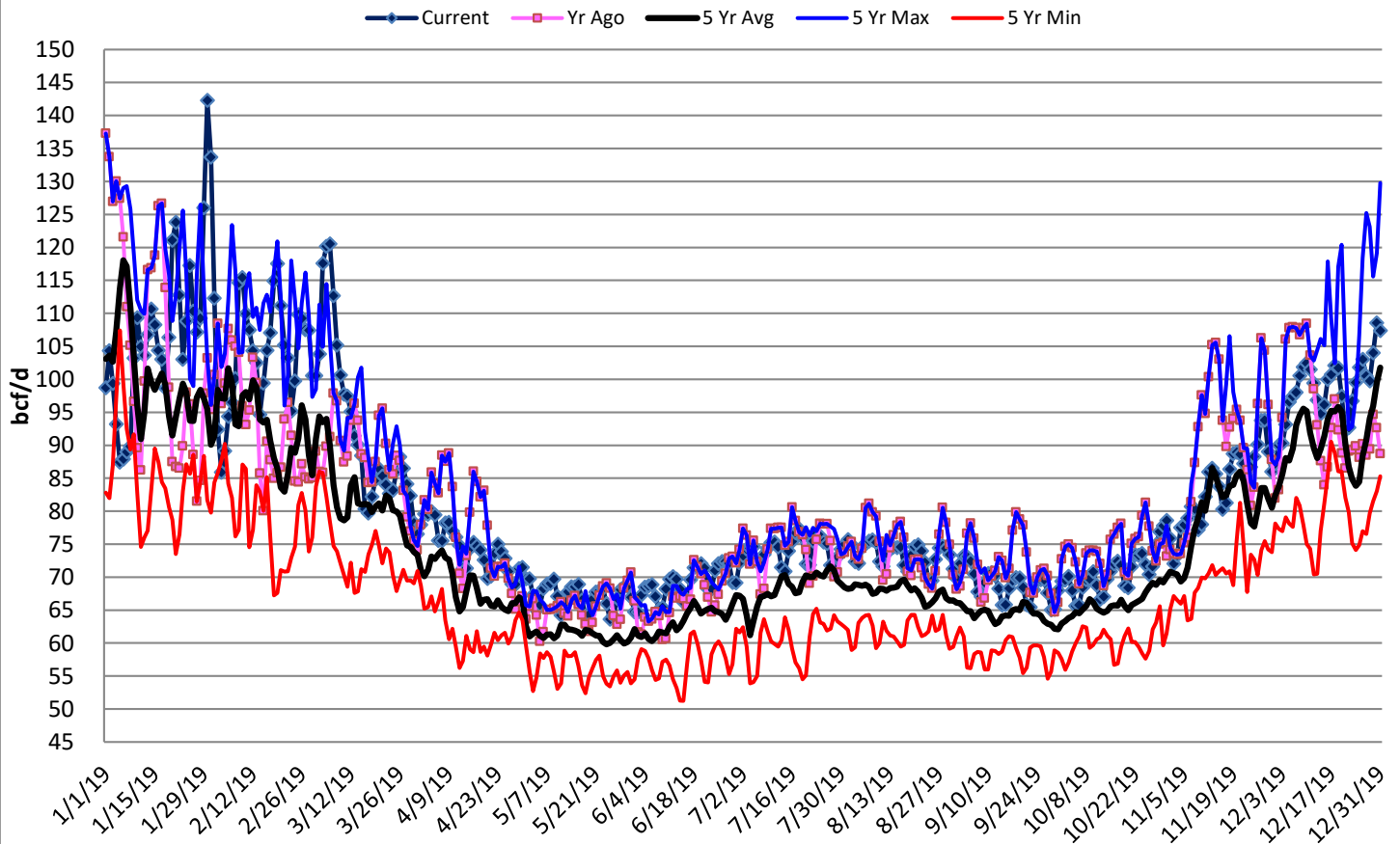
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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