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Week Ending March 15, 2019

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

Price Action: The April contract fell 7.0 cents (2.4%) to \$2.795 on a 10.5 cent range (\$2.857/\$2.752).

Price Outlook: After last week's rare inside week, bearish weather forecasts combined with the reality that winter is rapidly coming to a close pushed prices lower to establish a new weekly low. While the end of winter and above projected above normal temperatures are bearish, absolute storage levels are quite low and until storage changes begin to significantly reduce the yearly and 5-year average storage deficits, prices should also find some support and choppy, range bound market would not be surprising in coming weeks. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 13,746 contract increase in the managed money net long position as longs added and shorts covered. This is the highest net long position since February 5. Total open interest fell (12,327) to 3.165 million as of March 12. Aggregated CME futures open interest rose to 1.193 million as of March 15. The current weather forecast is now cooler than 4 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 4.0 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 0.755 bcf. Cameron is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending March 8 indicated a withdrawal of (204) bcf. Working gas inventories fell to 1,186 bcf. Current inventories fall (346) bcf (-22.6%) below last year and fall (567) bcf (-32.4%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 3 bcf from our EIA storage estimate. This week's storage estimate returned to within 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.

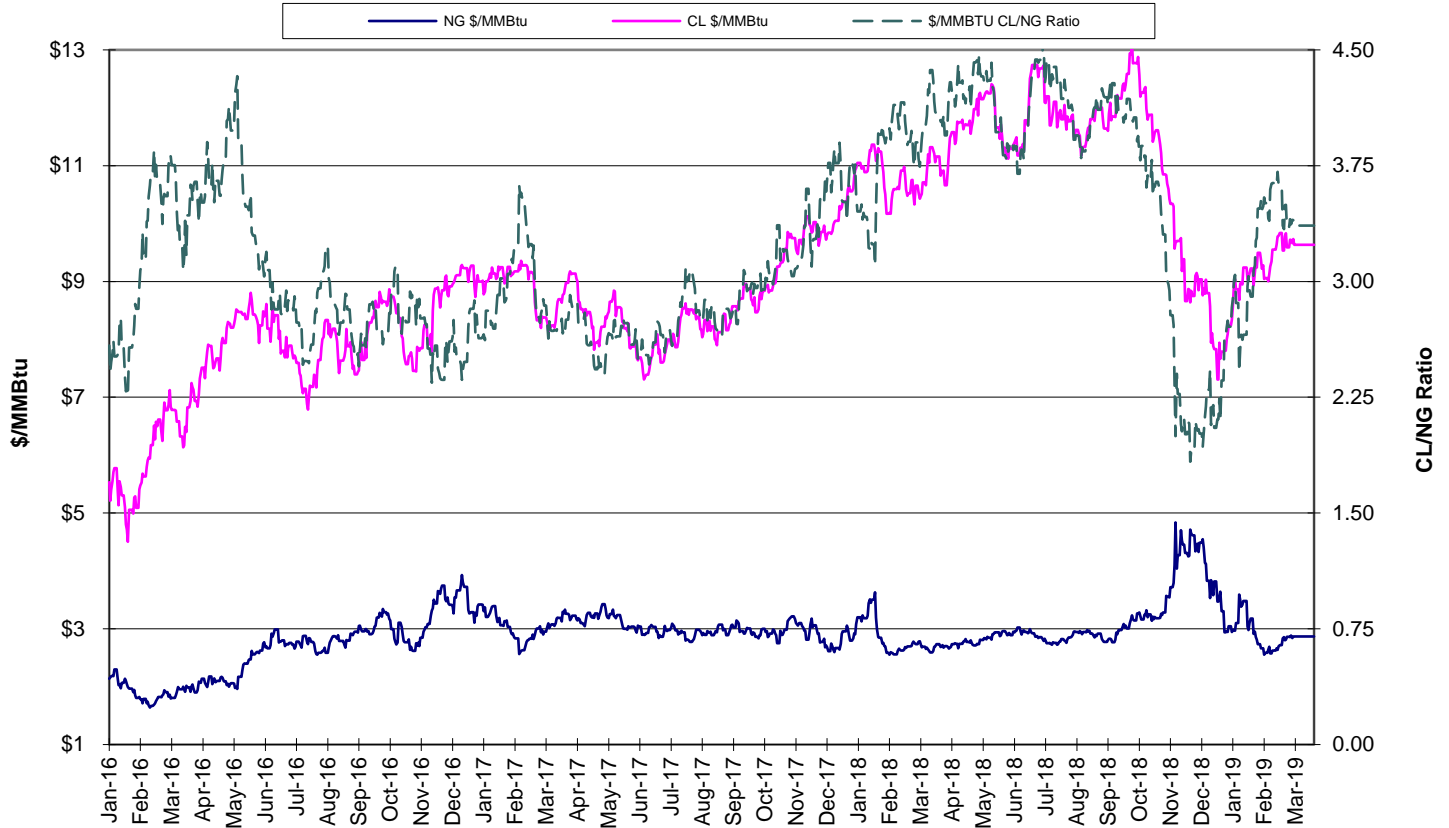
Supply Trends: Total supply rose 0.8 bcf/d to 84.3 bcf/d. US production fell. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (1). Oil activity decreased (1). Natural gas activity was unchanged +0. The total US rig count now stands at 1,026. The Canadian rig count fell (28) to 161. Thus, the total North American rig count fell (29) to 1,187 and now trails last year by (22). The higher efficiency US horizontal rig count rose +3 to 907 and rises +42 above last year.

Demand Trends: Total demand rose +8.1 bcf/d to +113.3 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +5,270 gigawatt-hrs to 81,453 which exceeds last year by +7,840 (10.7%) and exceeds the 5-year average by 6,543 (8.7%).

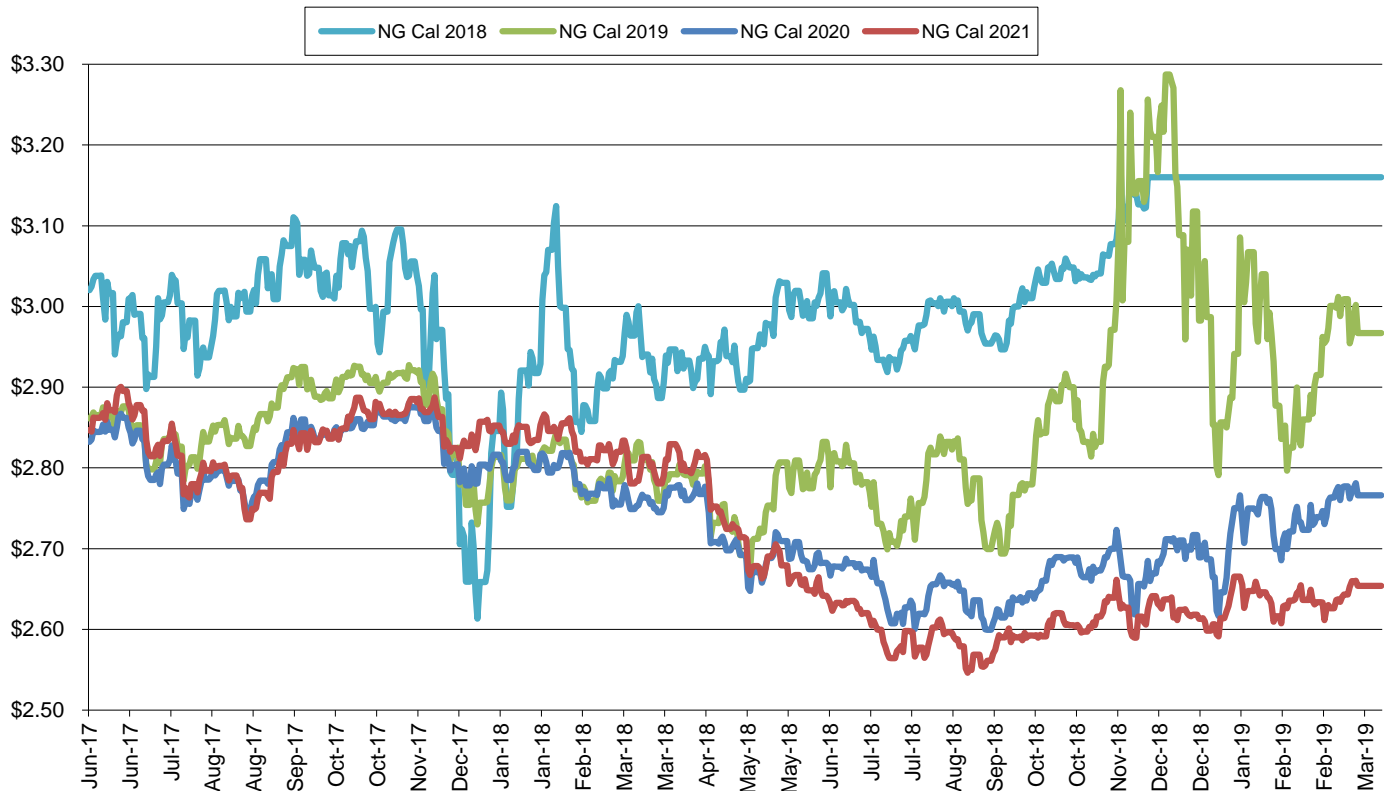
Nuclear Generation: Nuclear generation fell (1,444) MW in the reference week to 87,182 MW. This is (1,422) MW lower than last year and +427 MW higher than the 5-year average. Recent output was at 82,187 MW.

- The heating season has begun. With a forecast through March 29 the 2018/19 total cooling index is at (2,648) compared to (2,630) for 2017/18, (2,211) for 2016/17, (2,419) for 2015/16, (2,761) for 2014/15, (3,051) for 2013/14, (2,813) for 2012/13 and (2,447) for 2011/12.

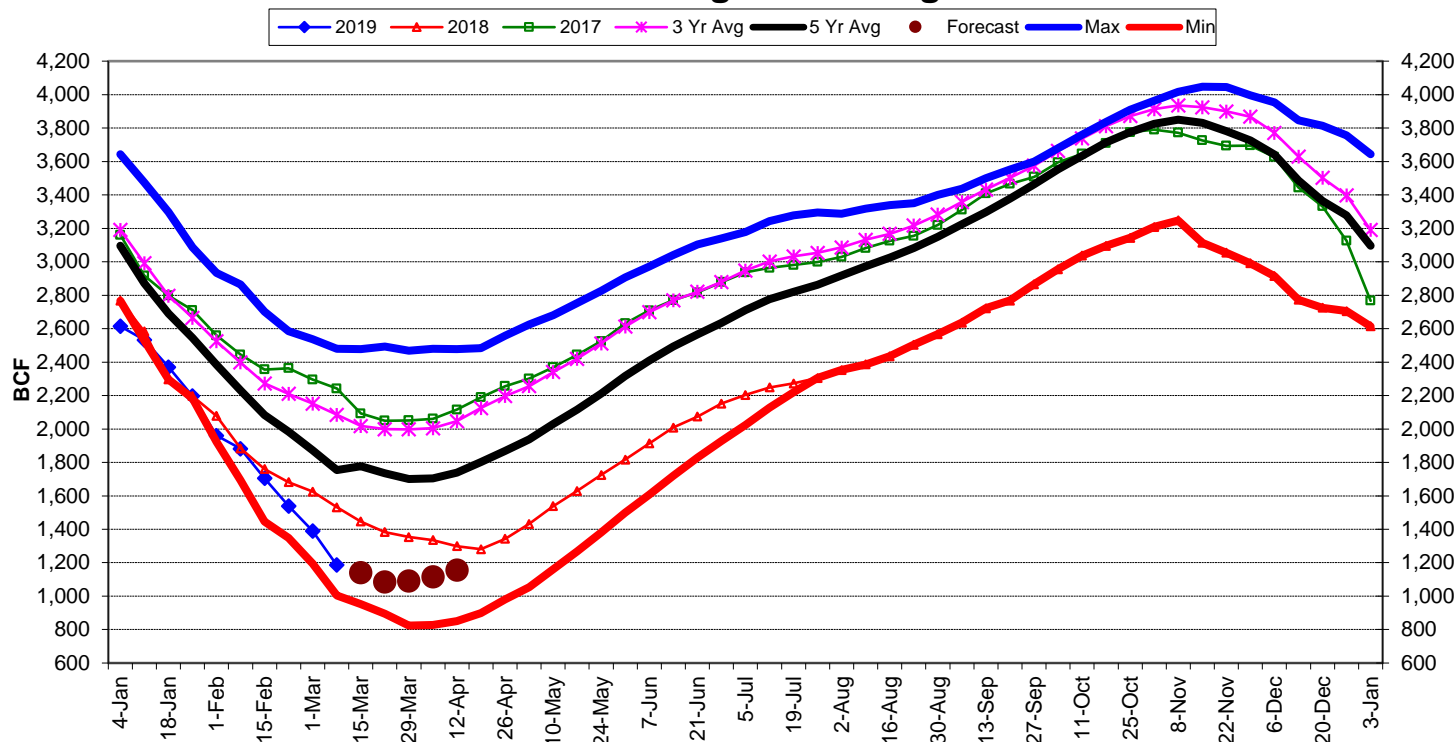
\$/MMBtu Ratio of NYMEX CL and NG



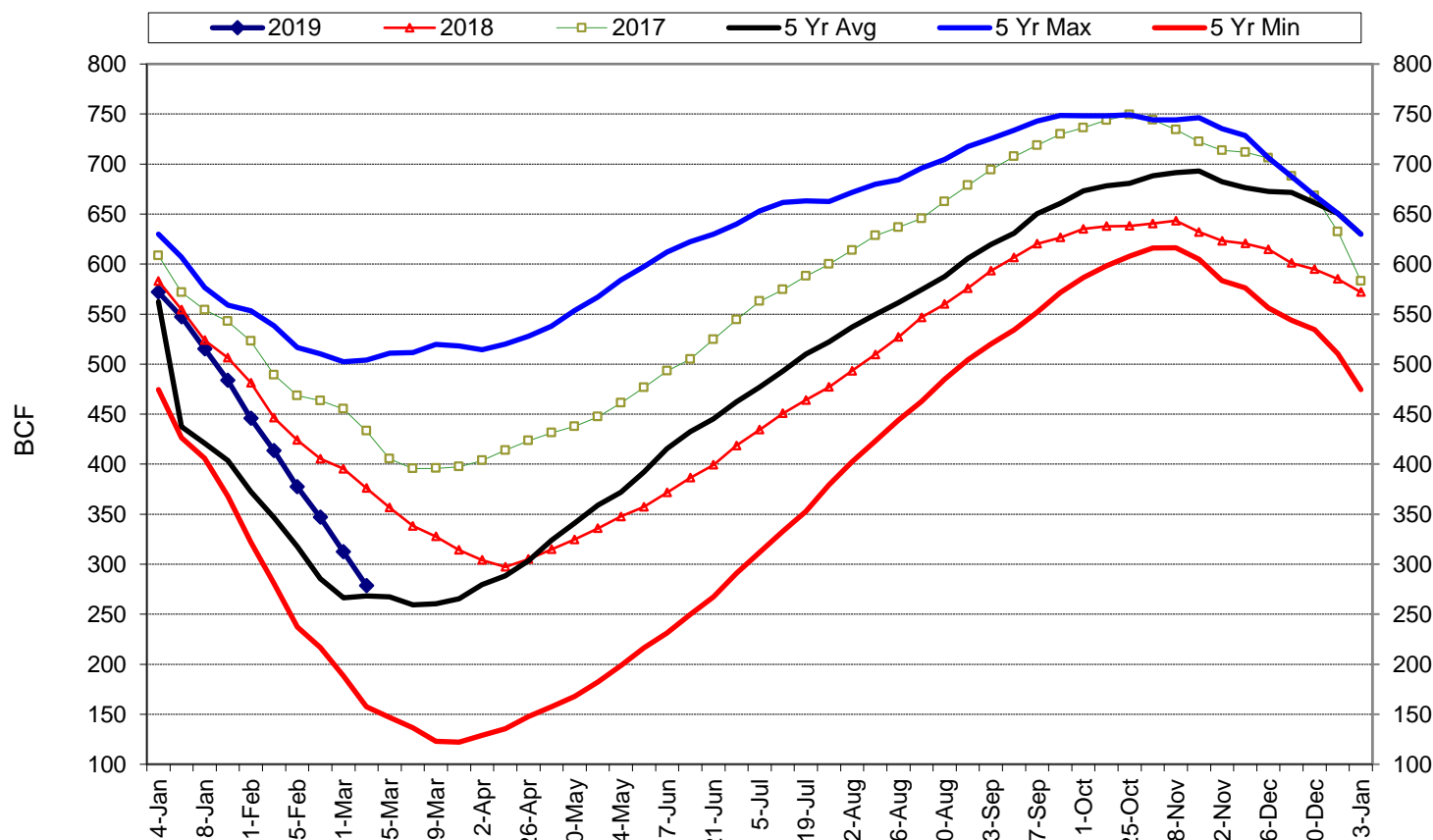
NYMEX Calendar Strips



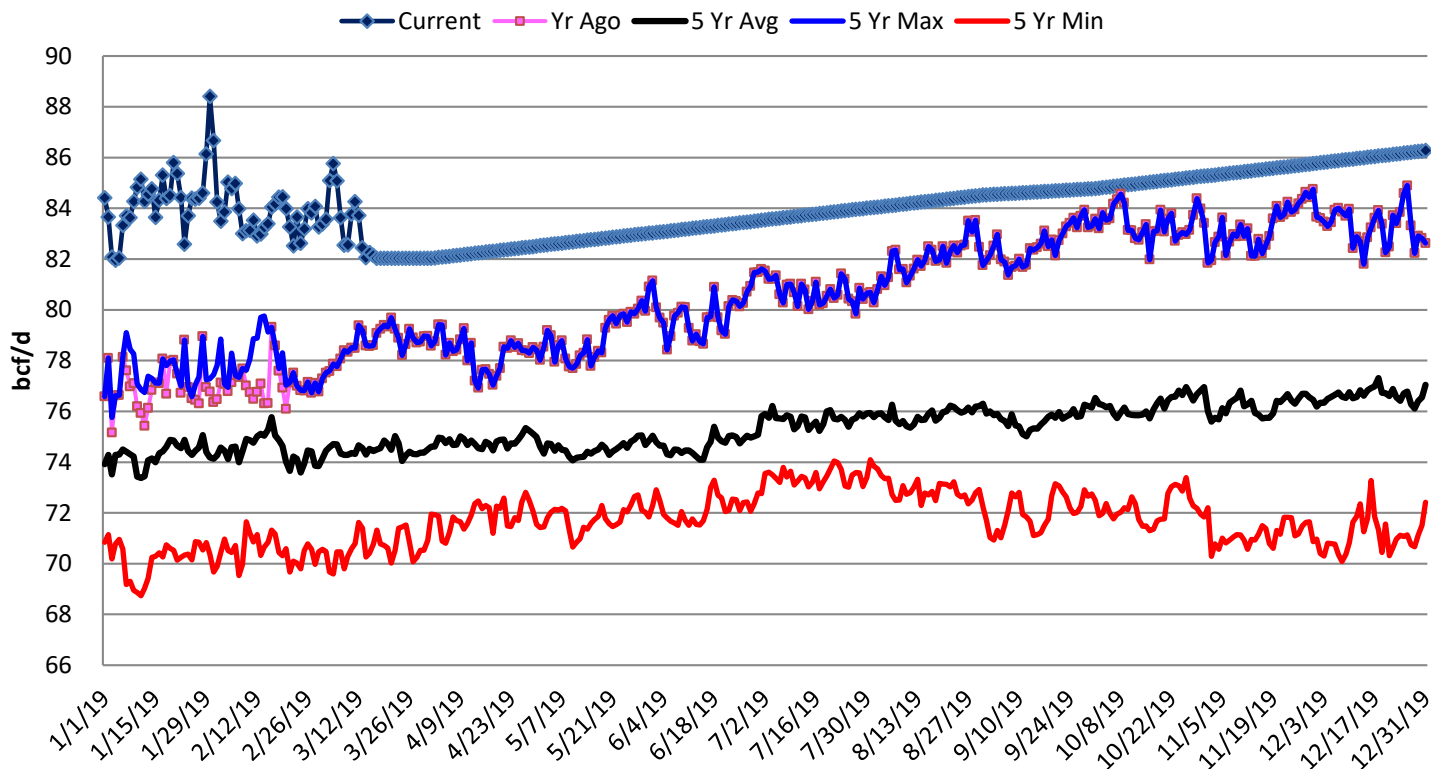
US Total Working Gas Storage - Source - EIA



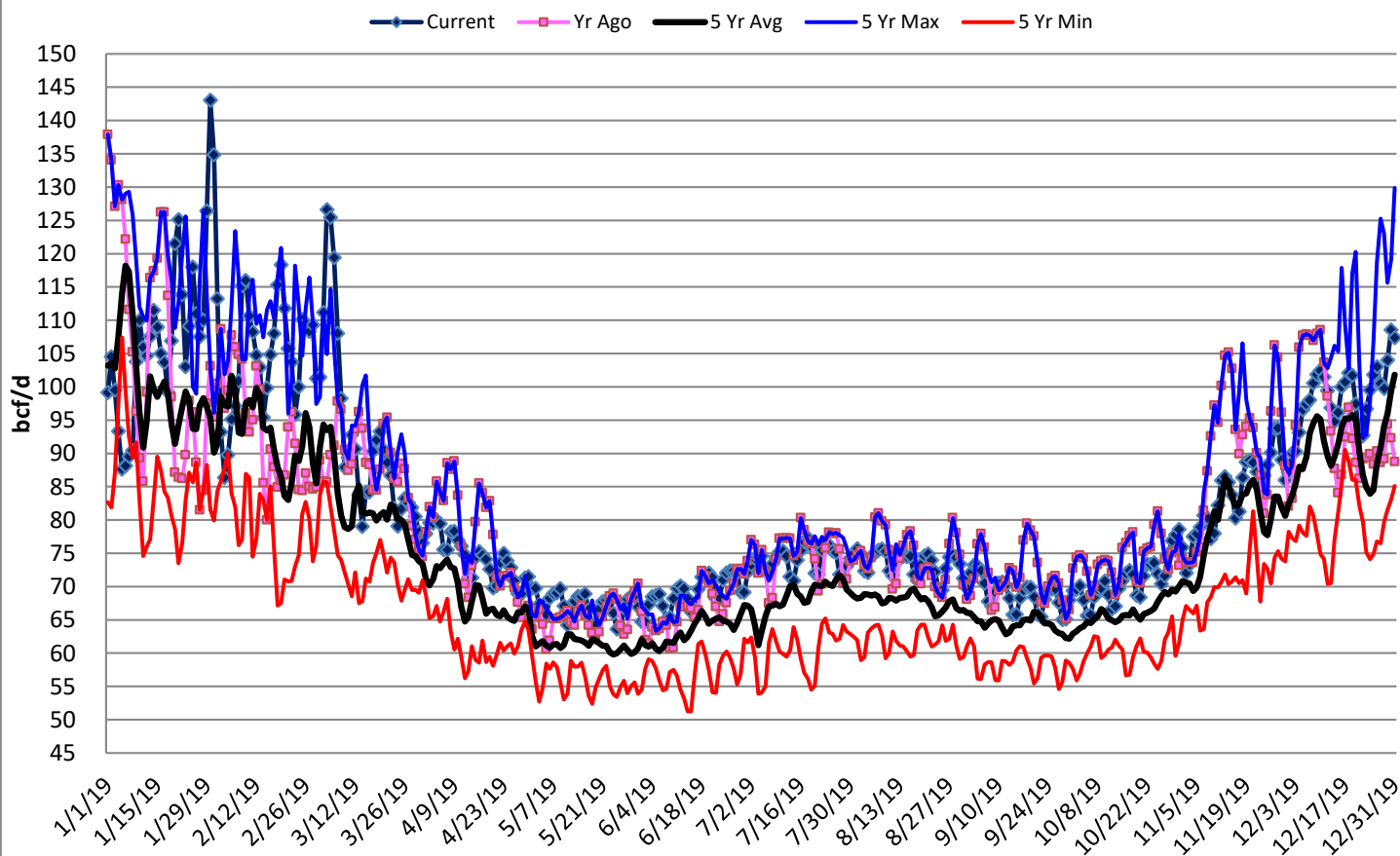
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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