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Week Ending April 12, 2019

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

Price Action: The May contract fell 0.4 cents (0.2%) to \$2.660 on a 7.8 cent range (\$2.729/\$2.651).

Price Outlook: The 7.8 cent weekly range represents the smallest weekly range since 2000 as a rare inside week was posted. Since 2000, there have only been 97 weeks where neither a new high nor low was posted. The market is supported by still low relative storage levels while limited by a bearish temperature adjusted supply/demand balance. While not expecting a notable move in either direction, a bias to lower prices is developing. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (27,164) contract reduction in the managed money net long position as longs liquidated and shorts added. Total open interest rose 54,020 to 3.180 million as of April 09. Aggregated CME futures open interest rose to 1.238 million as of April 12. This is the highest open interest since February 14, 2019. The current weather forecast is now warmer than 8 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.4 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 0.825 bcf. Cameron is exporting 0.020 bcf.

Weekly Storage: US working gas storage for the week ending April 5 indicated an injection of +29 bcf. Working gas inventories rose to 1,155 bcf. Current inventories fall (180)bcf (-13.5%) below last year and fall (481) bcf (-29.4%) below the 5-year average. The report included a 4 bcf reclassification of working to base gas resulting in an increase of +25 bcf above last week's reported working gas level.

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

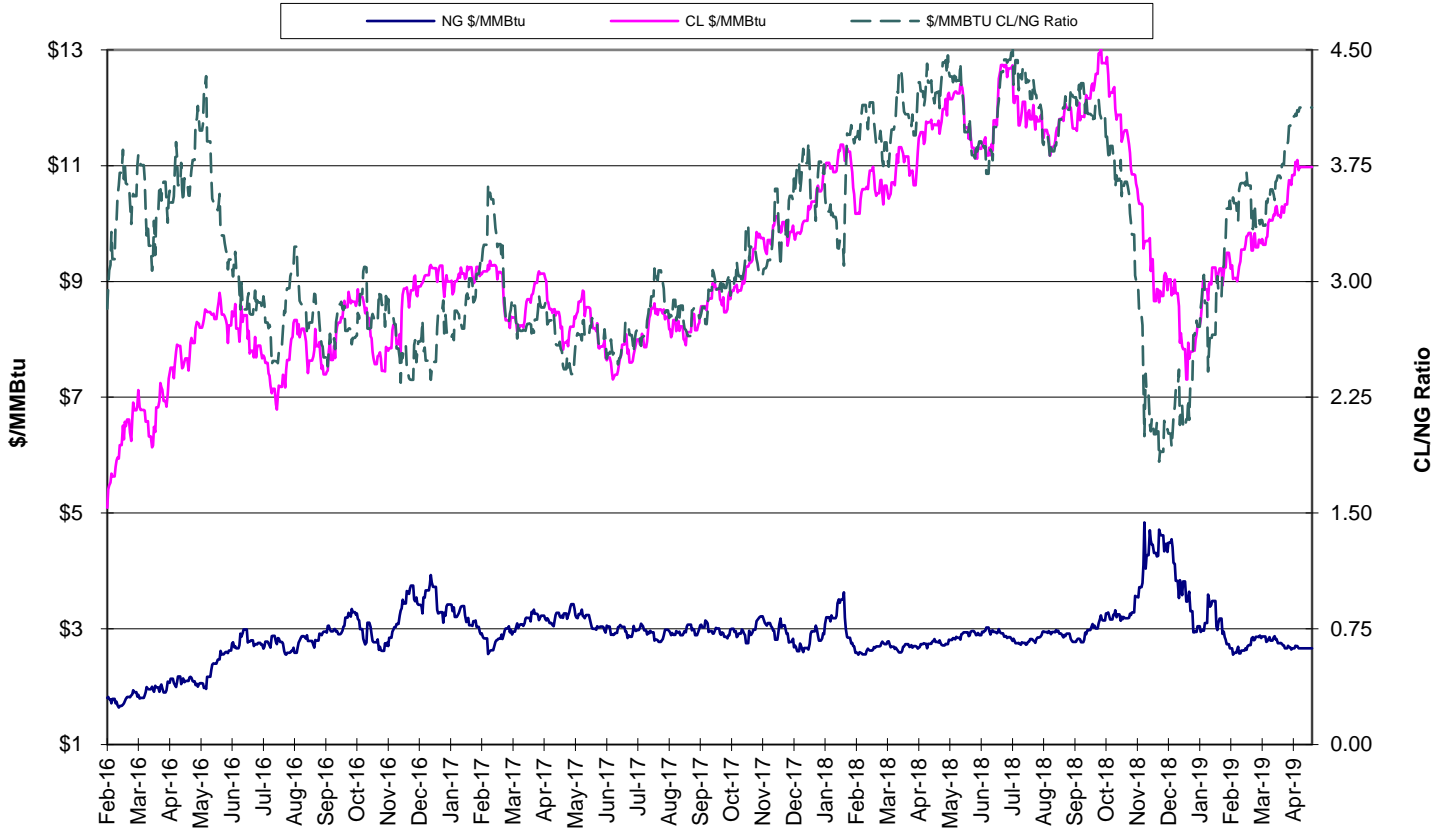
Supply Trends: Total supply rose 0.7 bcf/d to 85.6 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count fell (3). Oil activity increased +2. Natural gas activity decreased (5). The total US rig count now stands at 1,022. The Canadian rig count fell (2) to 66. Thus, the total North American rig count fell (5) to 1,088 and now trails last year by (22). The higher efficiency US horizontal rig count fell (12) to 889 and rises +6 above last year.

Demand Trends: Total demand fell (2.1) bcf/d to +80.5 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +717 gigawatt-hrs to 68,805 which trails last year by (2,009) (-2.8%) and trails the 5-year average by (462)(-0.7%%).

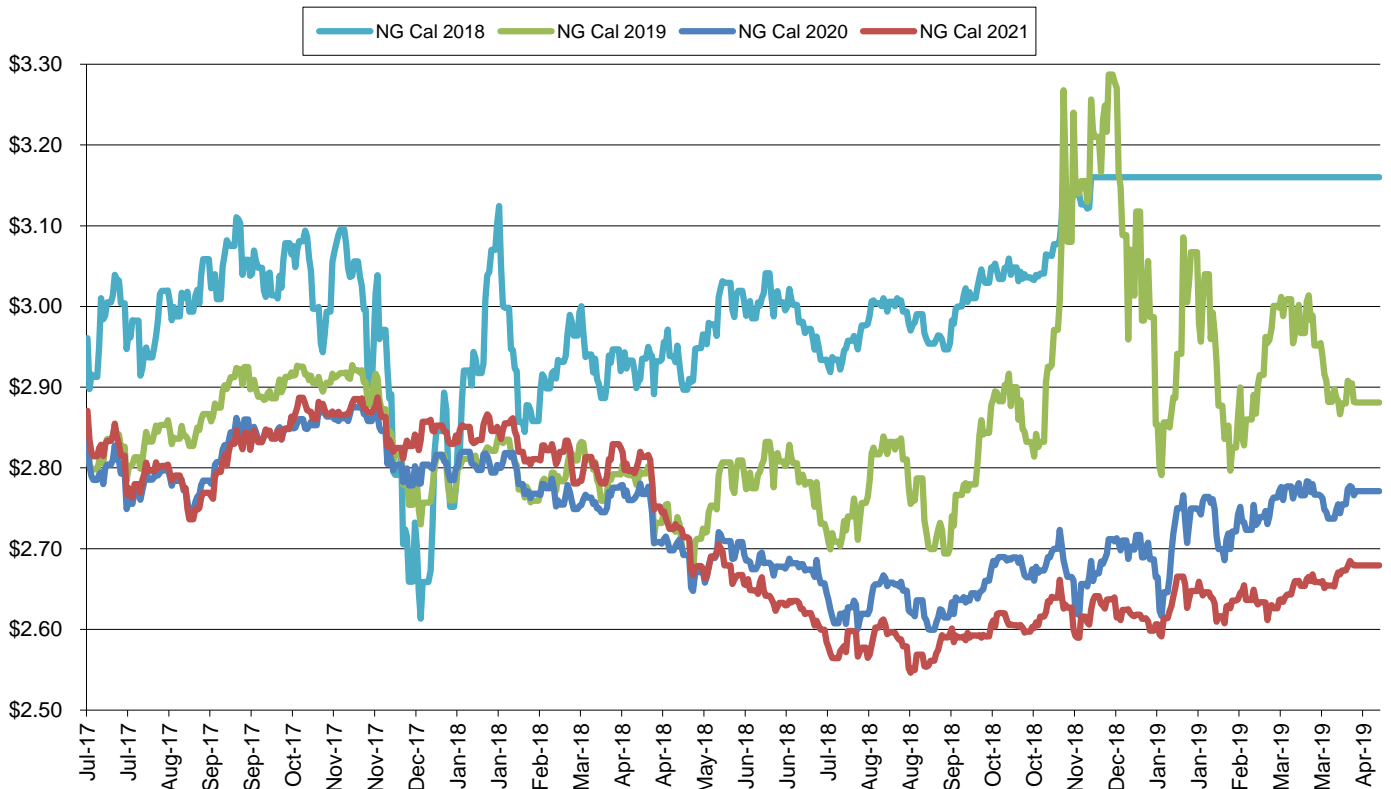
Nuclear Generation: Nuclear generation rose 886 MW in the reference week to 80,150 MW. This is +1,590 MW higher than last year and +358 MW higher than the 5-year average. Recent output was at 82,540 MW.

- The heating season is now over. With a forecast through April 26 the 2018/19 total cooling index is at (2,929) compared to (2,885) for 2017/18, (2,270) for 2016/17, (2,419) for 2015/16, (2,478) for 2014/15, (3,201) for 2013/14, (2,967) for 2012/13 and (2,543) for 2011/12.

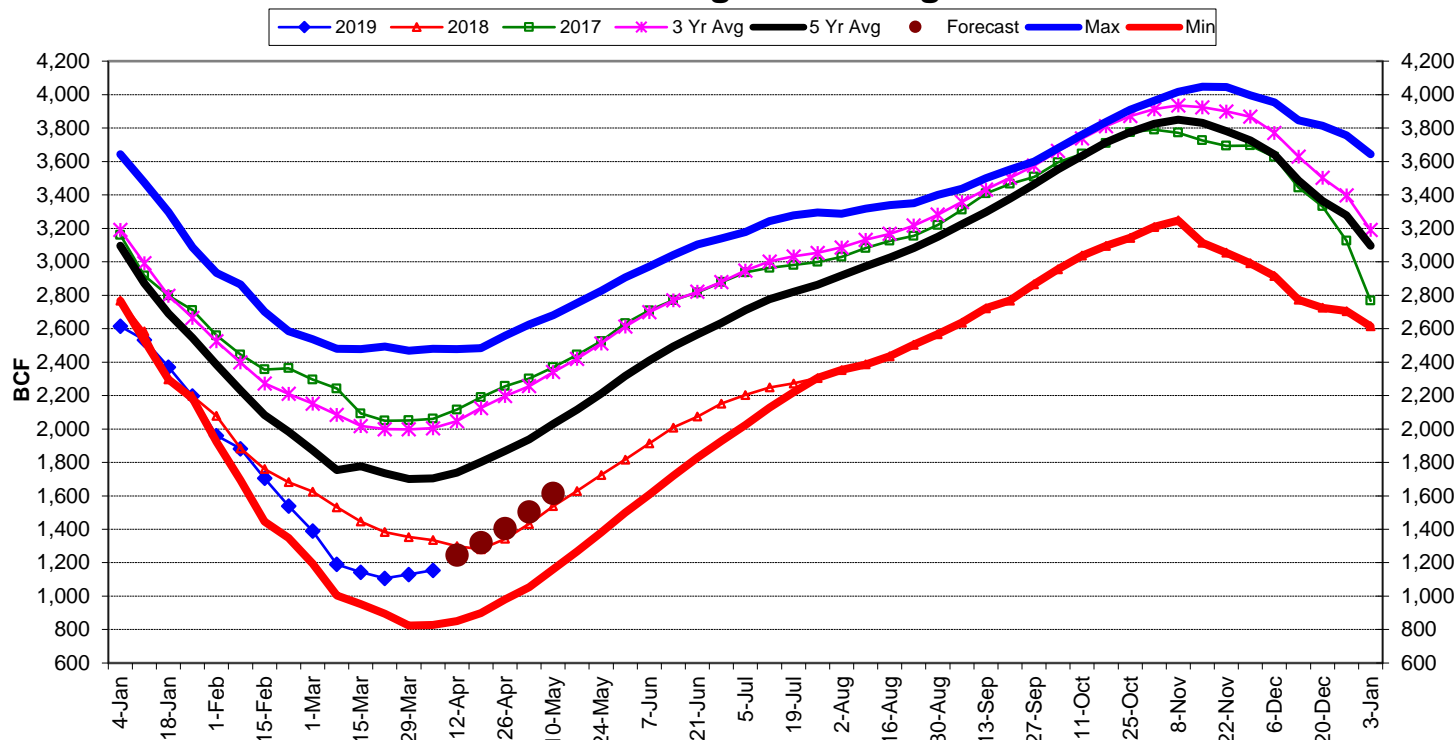
\$/MMBtu Ratio of NYMEX CL and NG



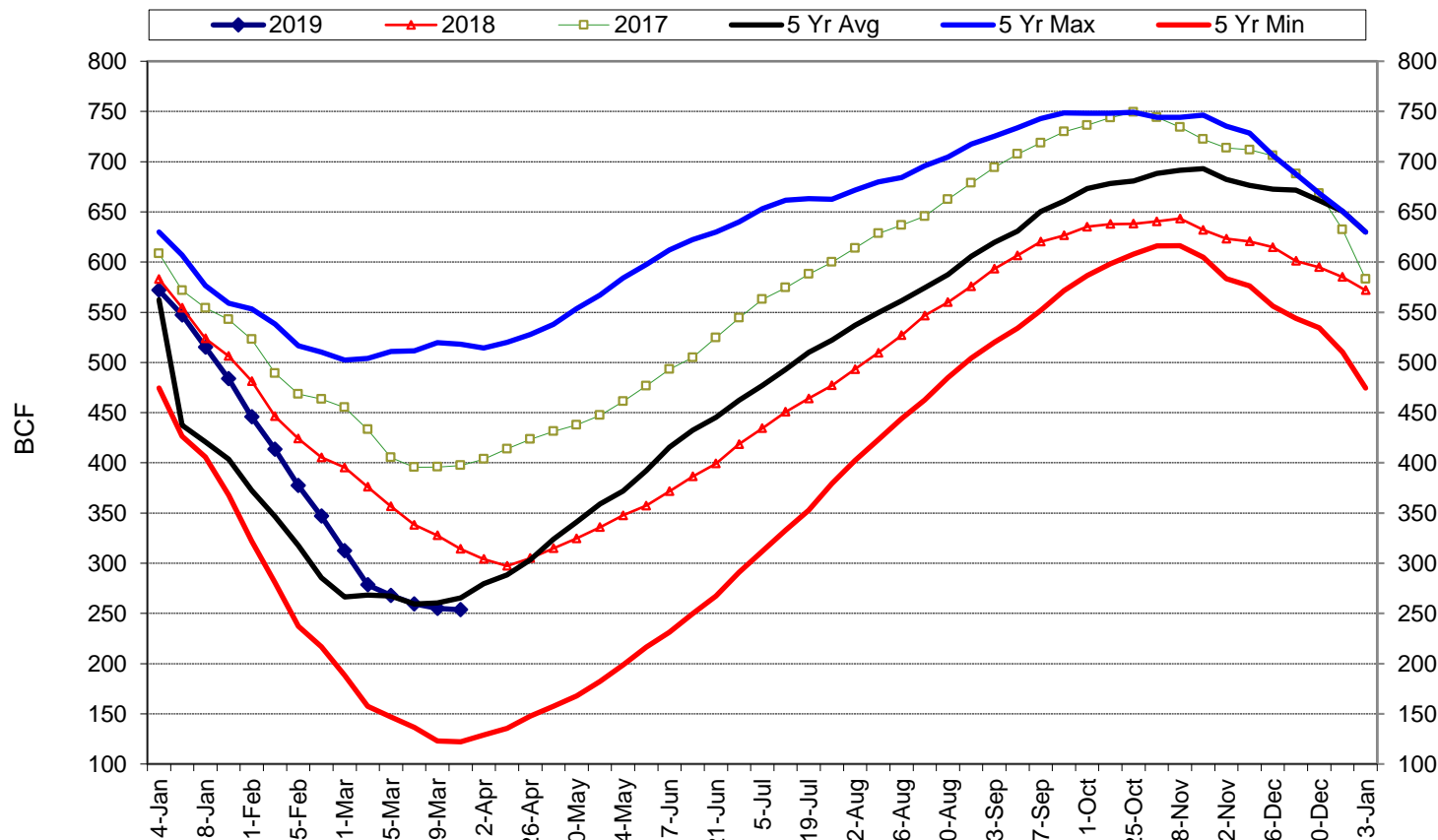
NYMEX Calendar Strips



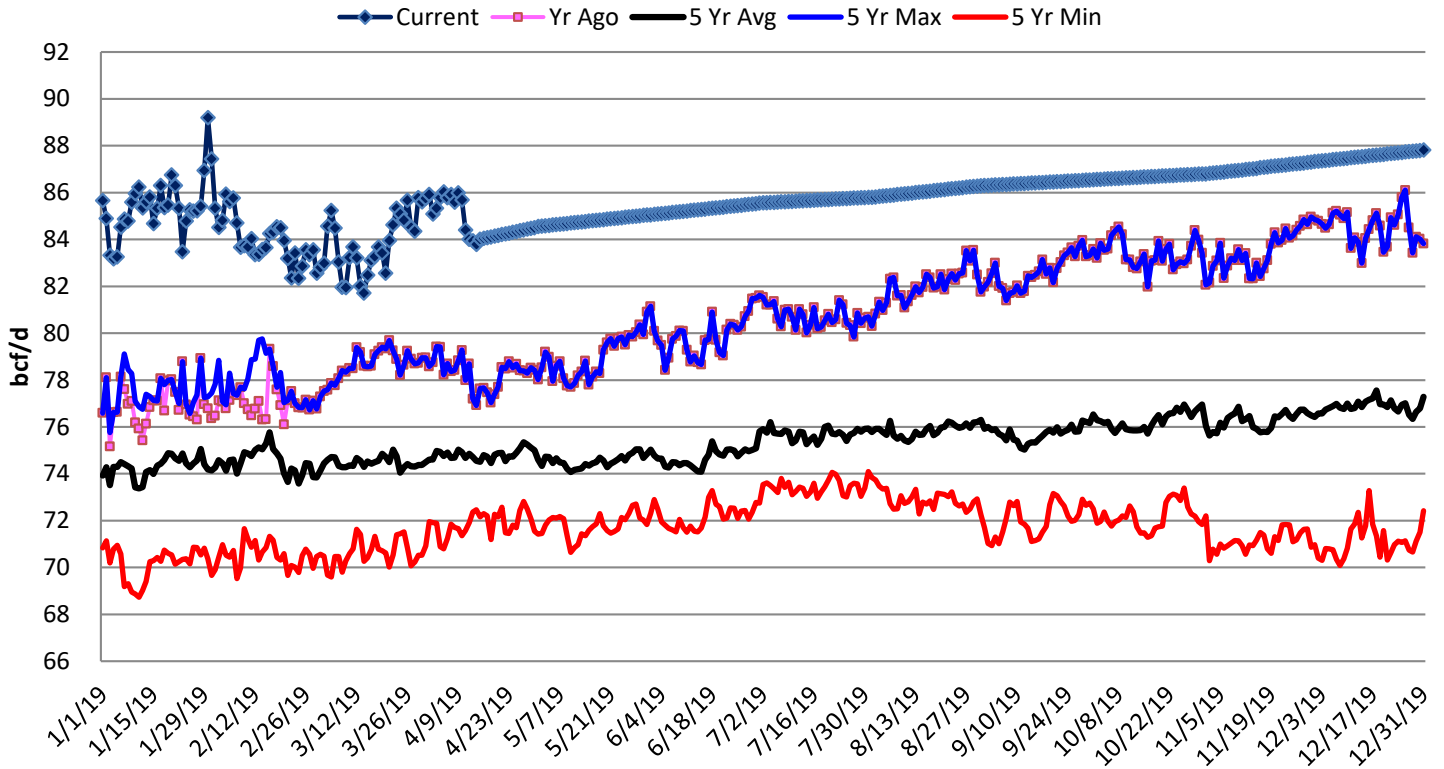
US Total Working Gas Storage - Source - EIA



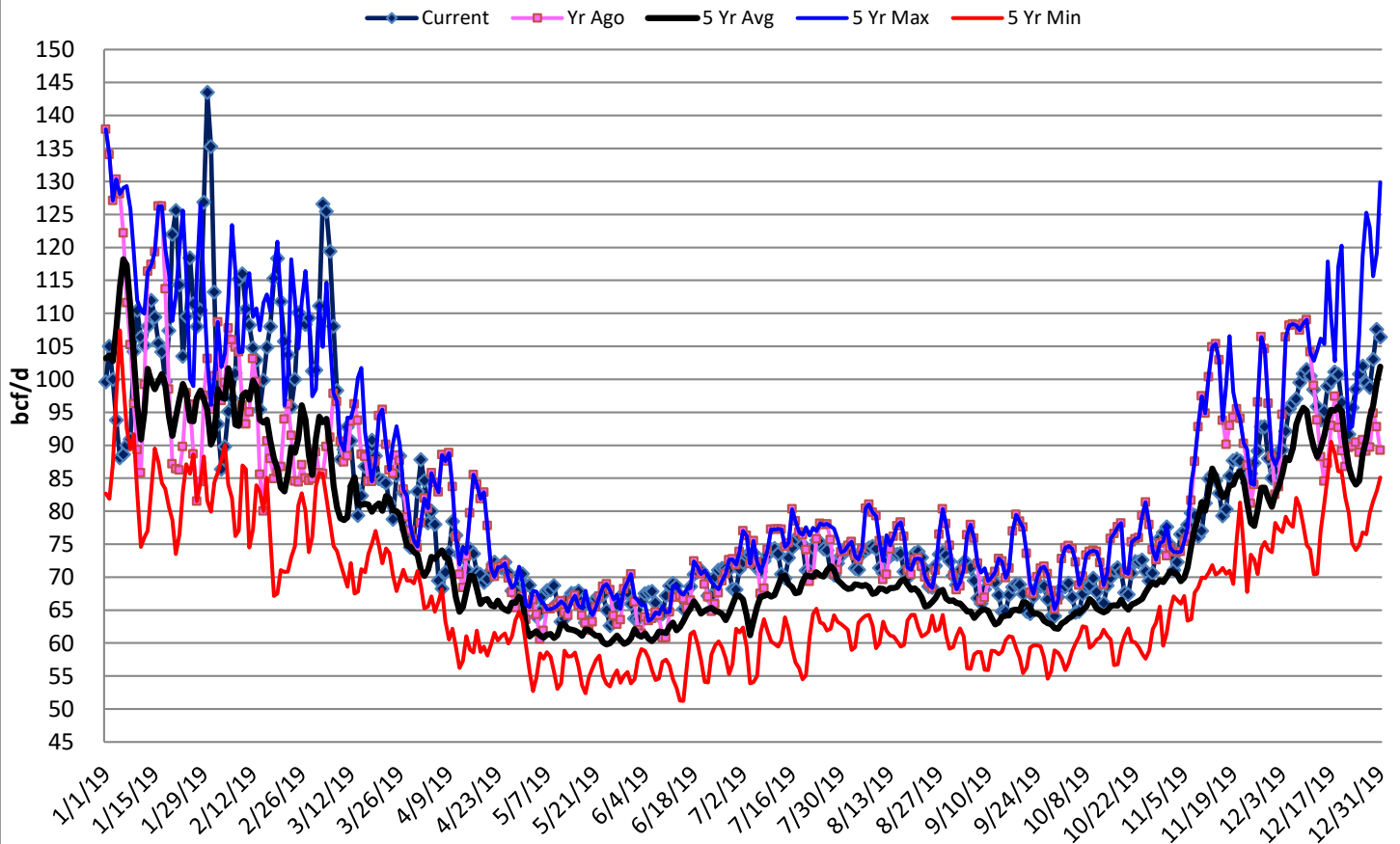
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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