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Week Ending May 3, 2019

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

Price Action: The now prompt June contract fell 1.3 cents (0.5%) to \$2.567 on an 8.0 cent range (\$2.626/\$2.546).

Price Outlook: Prices on a spot basis reversed two weeks of new lows and posted a new high as temperature forecasts were considered bullish. The June contract did slip on the week as the EIA posted another record weekly injection as rising supply and falling demand driven by moderating temperatures lift injections. However, the bearishness of recent physical pipeline data is moderating and with summer demand just around the corner, prices may just chop back and forth until summer temperatures arrive. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (35,408) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the lowest net long position since August 16, 2016. Total open interest fell (166,651) to 3.226 million as of April 30. Aggregated CME futures open interest rose to 1.270 million as of May 03. The current weather forecast is now cooler than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.9 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 0.800 bcf. Cameron is exporting 0.225 bcf.

Weekly Storage: US working gas storage for the week ending April 26 indicated an injection of +123 bcf. Working gas inventories rose to 1,462 bcf. Current inventories rise 119 bcf (8.9%) above last year and fall (321) bcf (-18.0%) below the 5-year average. This was a record injection for this comparable week.

Storage Outlook: The EIA weekly implied flow was 4 bcf from our EIA storage estimate. This week's storage estimate returned to within our tolerance. Over the last five weeks, then EIA has reported total injections of +359 bcf compared to our +357 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

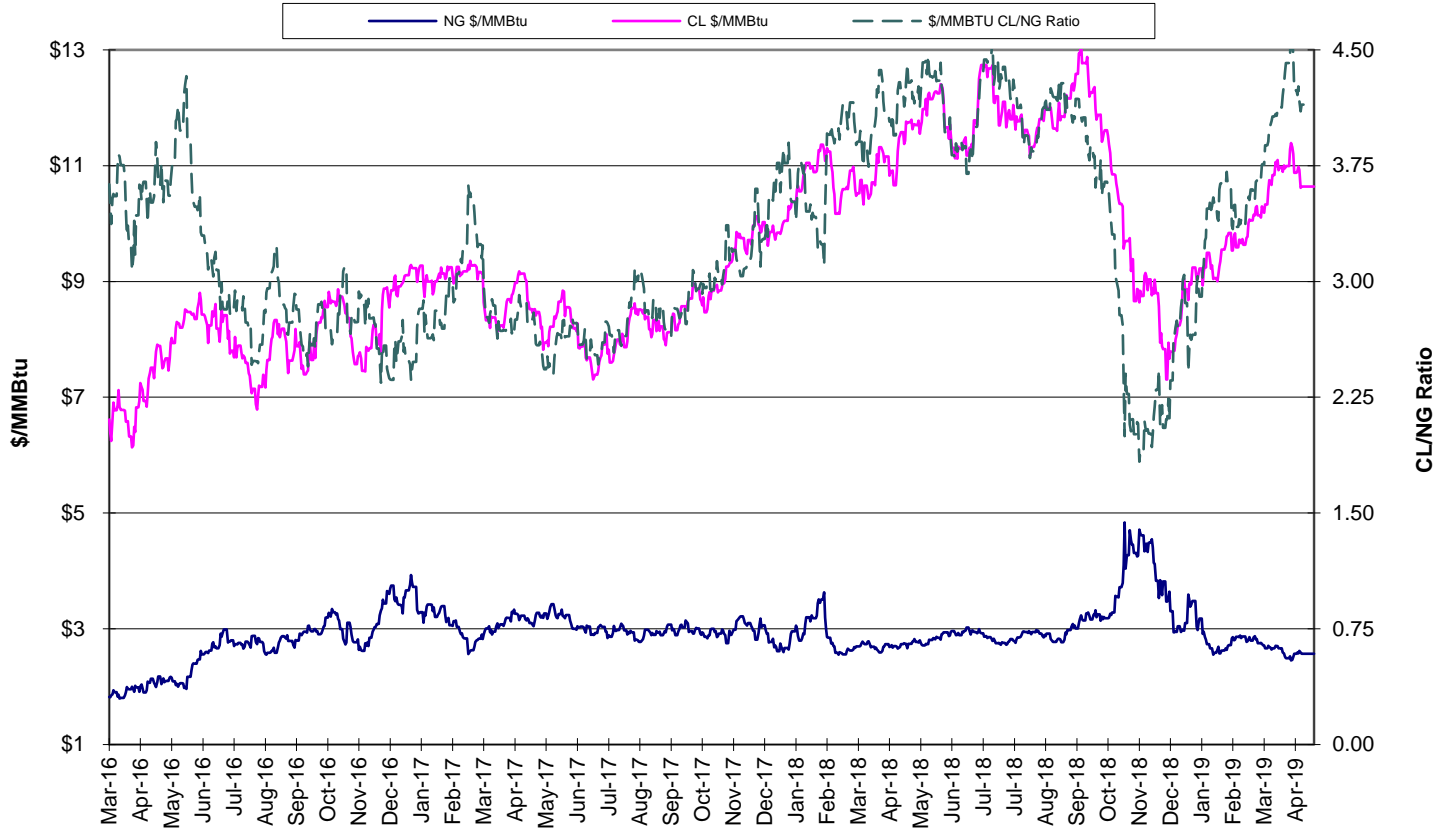
Supply Trends: Total supply fell (0.1) bcf/d to 85.7 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (1). Oil activity increased +2. Natural gas activity decreased (3). The total US rig count now stands at 990. The Canadian rig count fell (2) to 61. Thus, the total North American rig count fell (3) to 1,051 and now trails last year by (67). The higher efficiency US horizontal rig count was unchanged +0 to 873 and falls (40) below last year.

Demand Trends: Total demand fell (3.9) bcf/d to +67.7 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +713 gigawatt-hrs to 67,566 which exceeds last year by +40 (0.1%) and trails the 5-year average by (901) (-1.3%).

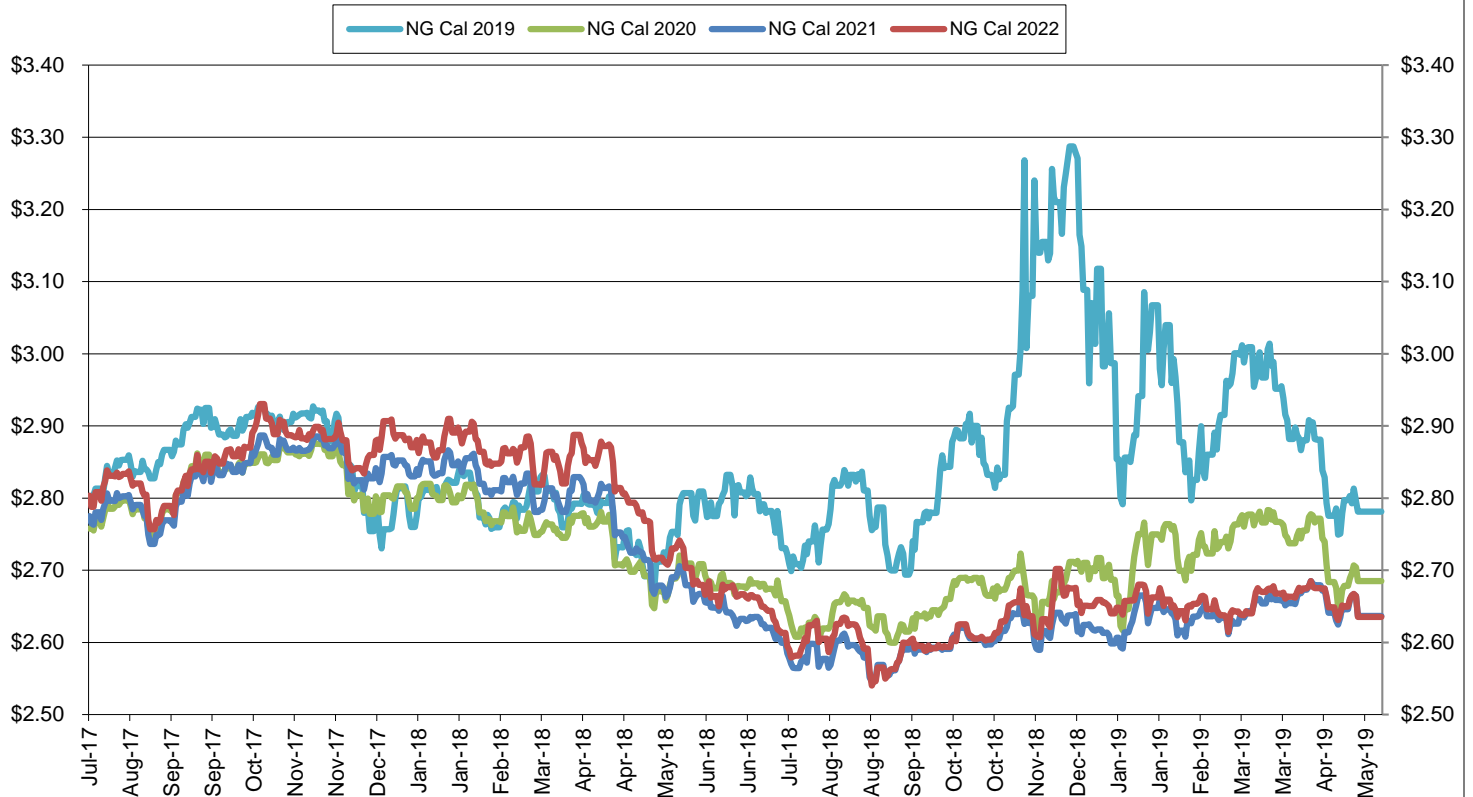
Nuclear Generation: Nuclear generation rose 275 MW in the reference week to 80,984 MW. This is +2,347 MW higher than last year and +2,927 MW higher than the 5-year average. Recent output was at 82,167 MW.

- The cooling season is beginning. With a forecast through May 17, the 2019 total cooling index is at 3 compared to 86 for 2018, 52 for 2017, 20 for 2016, 15 for 2015, 126 for 2014, 80 for 2013, 73 for 2012 and 26 for 2011.

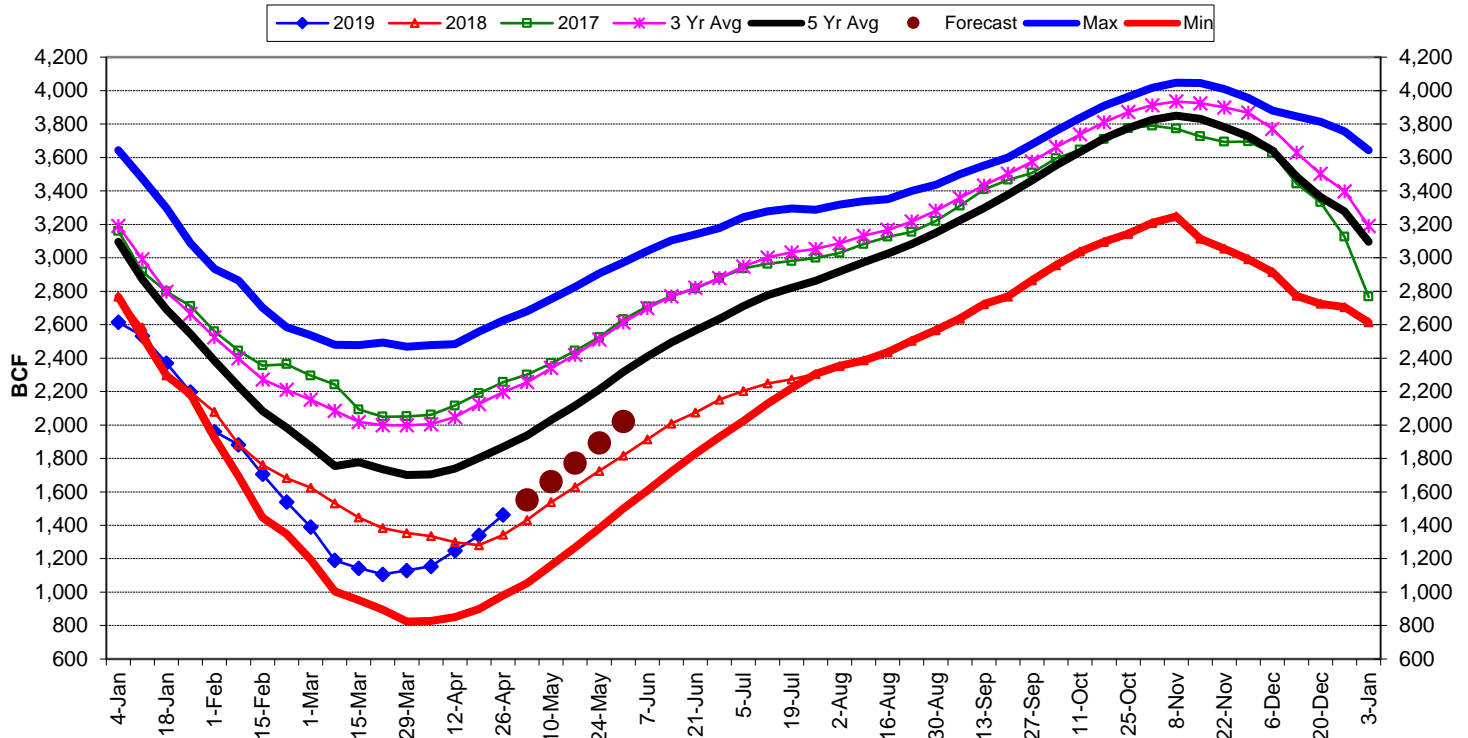
\$/MMBtu Ratio of NYMEX CL and NG



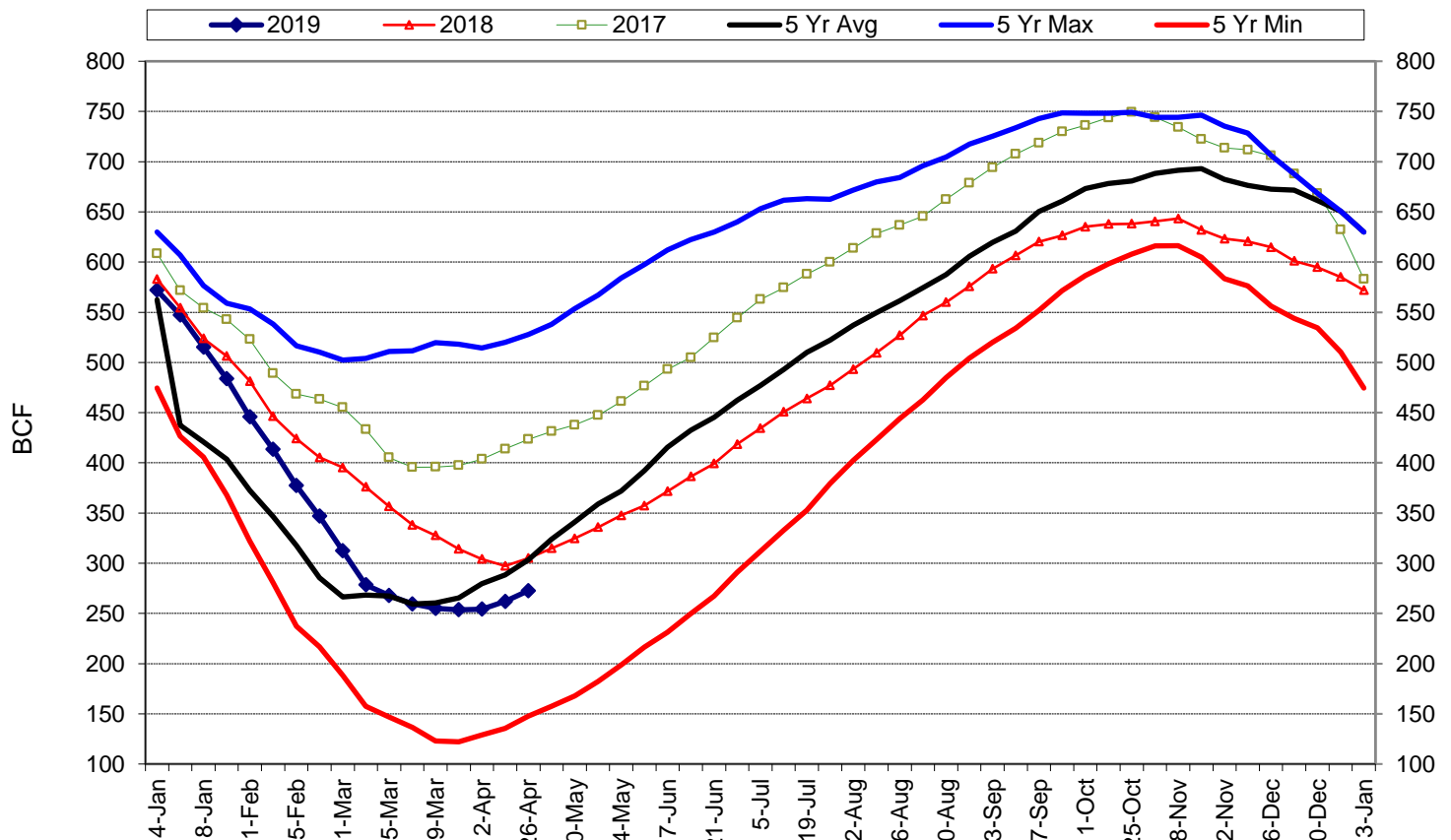
NYMEX Calendar Strips



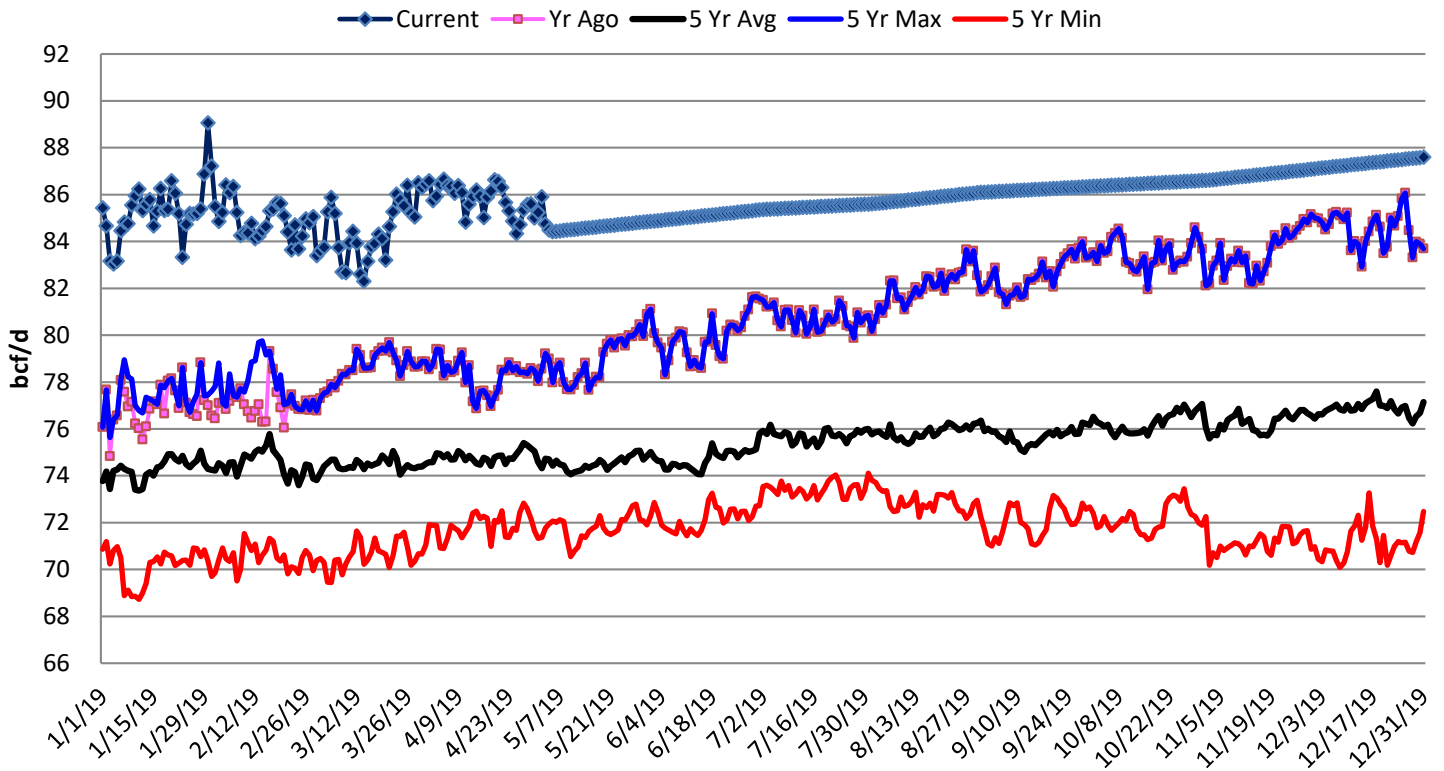
US Total Working Gas Storage - Source - EIA



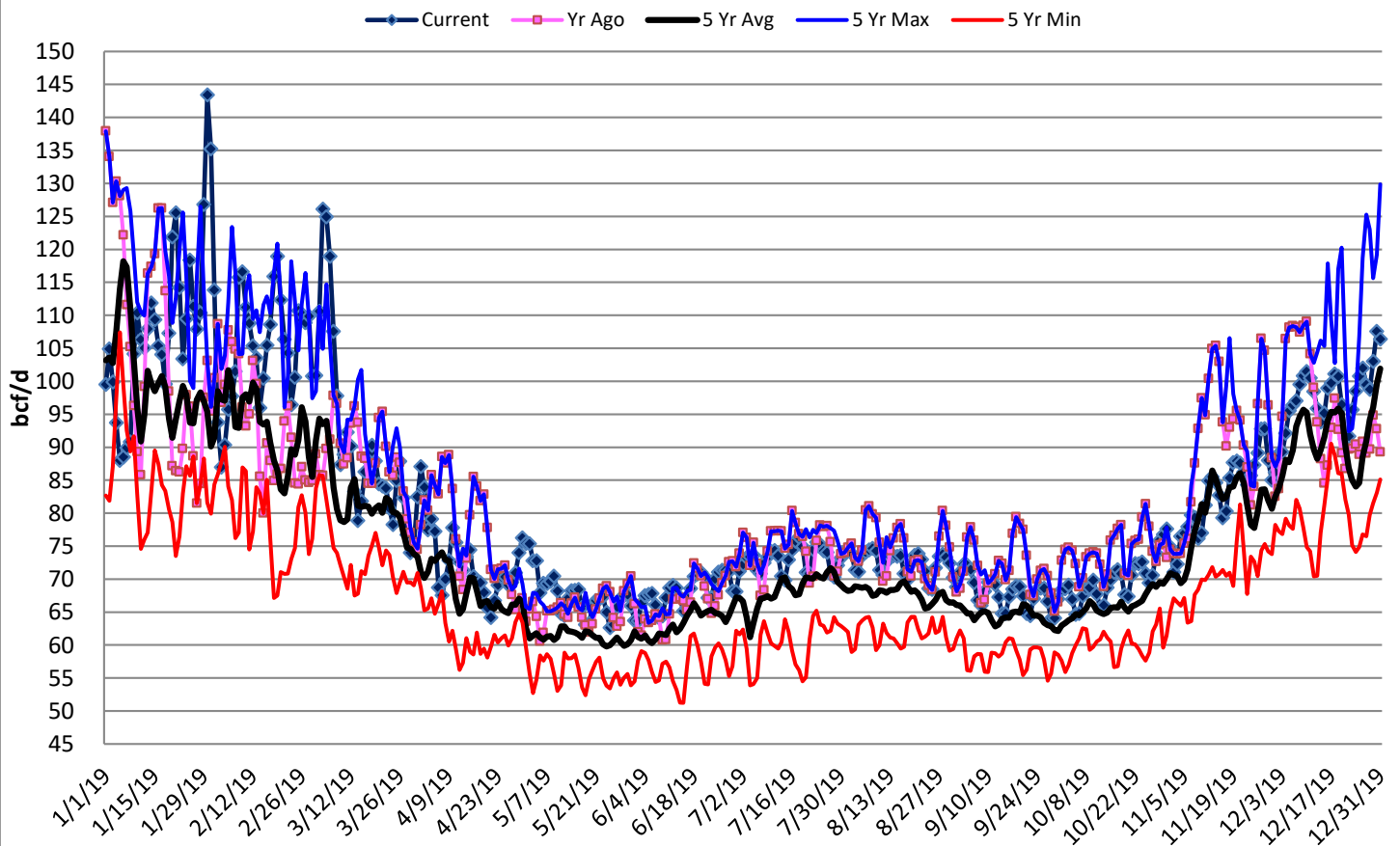
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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