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Week Ending May 10, 2019

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

Price Action: The June contract rose 5.2 cents (2.0%) to \$2.619 on a 13.3 cent range (\$2.647/\$2.514).

Price Outlook: Prices posted a new weekly early in the week and reversed at the end of the week to also post a new weekly high at the end of the week. Of the 1,010 week since 2000, 116 have witnessed both a new high and low while only 97 have posted neither a new high nor low. Considering both a new high and low were posted after just a 13.3 cent weekly range highlights the notable reduction in volatility in the natural gas market. Price volatility is likely to remain suppressed until summer temperatures arrive. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a 2,037 contract increase in the managed money net long position as longs added and shorts added. Total open interest rose 77,546 to 3.304 million as of May 07. Aggregated CME futures open interest rose to 1.302 million as of May 10. This is the highest open interest since February 8, 2019. The current weather forecast is now cooler than 8 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 0.770 bcf. Cameron is exporting 0.350 bcf.

Weekly Storage: US working gas storage for the week ending May 3 indicated an injection of +85 bcf. Working gas inventories rose to 1,547 bcf. Current inventories rise 115 bcf (8.0%) above last year and fall (304) bcf (-16.4%) below the 5-year average.

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.**

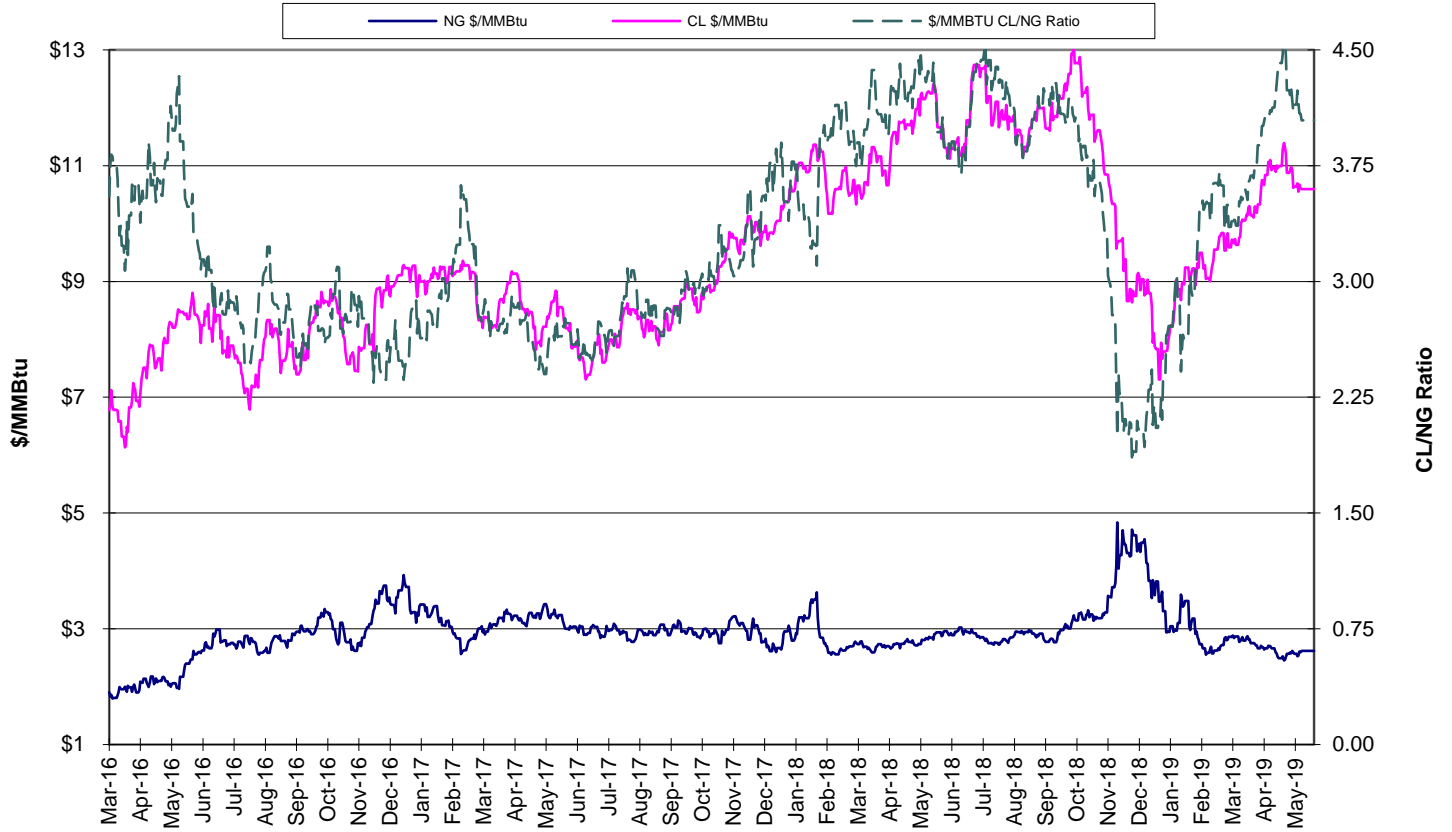
Supply Trends: Total supply fell (0.3) bcf/d to 85.4 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (2). Oil activity decreased (2). Natural gas activity was unchanged +0. The total US rig count now stands at 988. The Canadian rig count rose +2 to 63. Thus, the total North American rig count was unchanged at +0 to 1,051 and now trails last year by (73). **The higher efficiency US horizontal rig count was unchanged +0 to 873 and falls (45) below last year.**

Demand Trends: Total demand rose +4.9 bcf/d to +73.6 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +2,772 gigawatt-hrs to 70,338 which trails last year by (386) (-0.5%) and exceeds the 5-year average by 1,506 (2.2%).

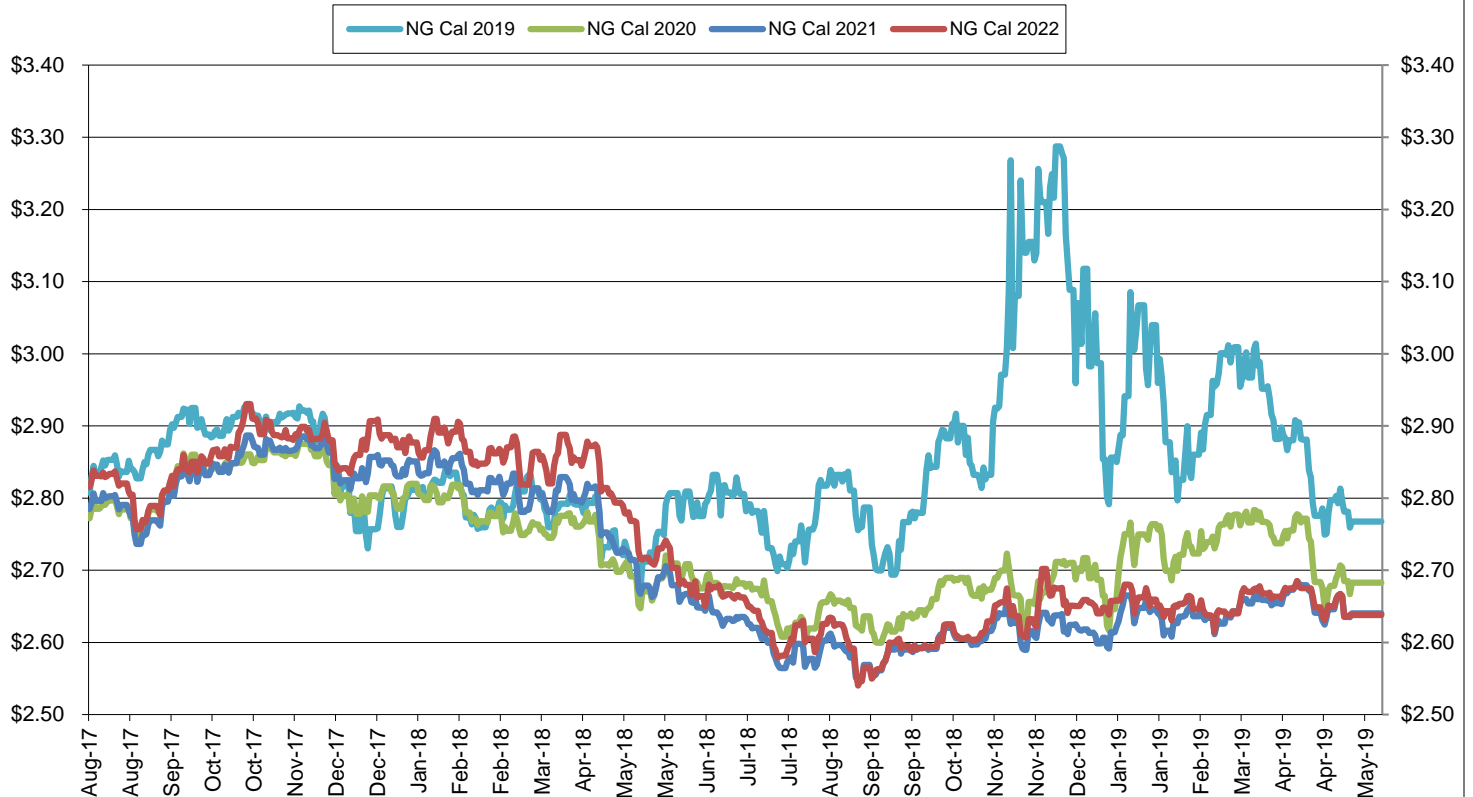
Nuclear Generation: Nuclear generation rose 2,272 MW in the reference week to 83,795 MW. This is +2,009 MW higher than last year and +3,882 MW higher than the 5-year average. **Recent output was at 85,989 MW.**

- The cooling season is beginning. With a forecast through May 24, the 2019 total cooling index is at 6 compared to 96 for 2018, 147 for 2017, 28 for 2016, 21 for 2015, 139 for 2014, 96 for 2013, 144 for 2012 and 38 for 2011.

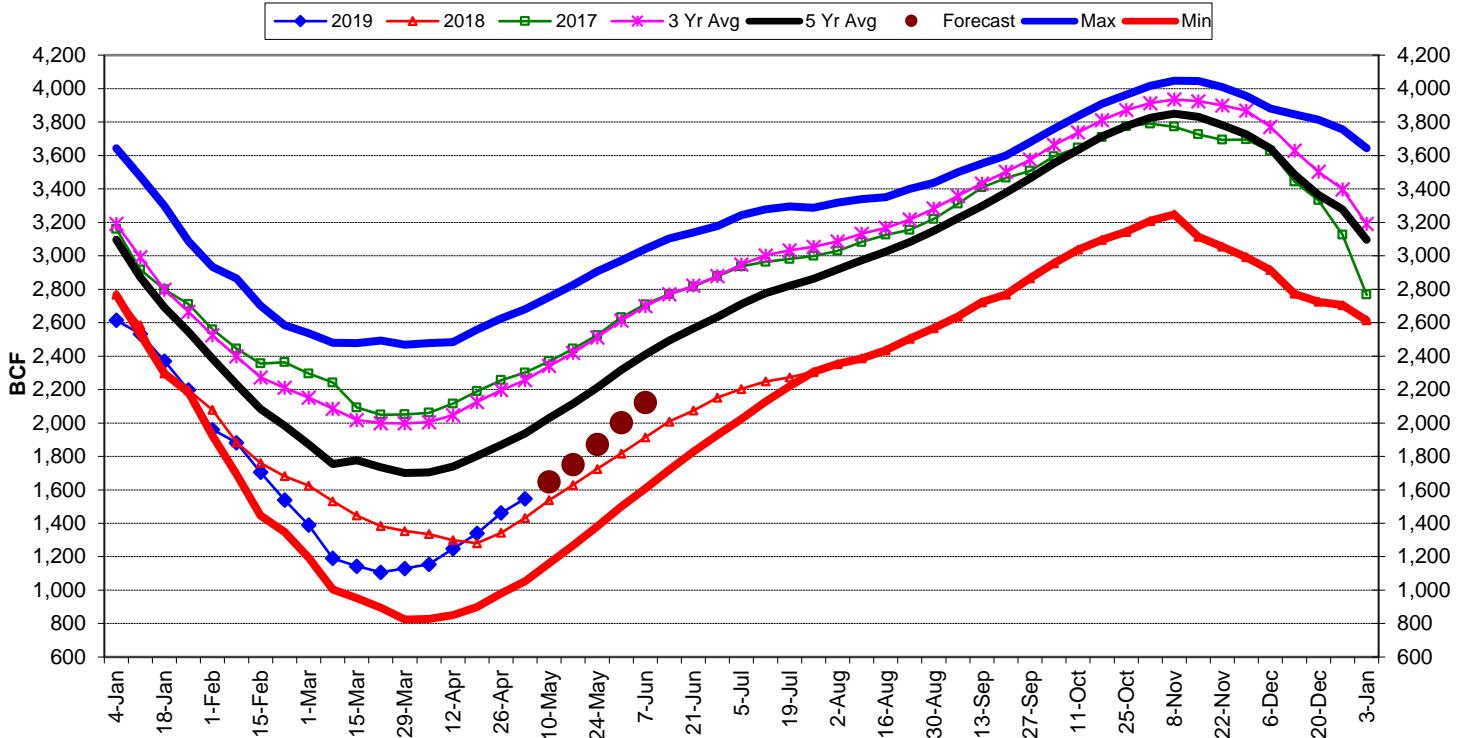
\$/MMBtu Ratio of NYMEX CL and NG



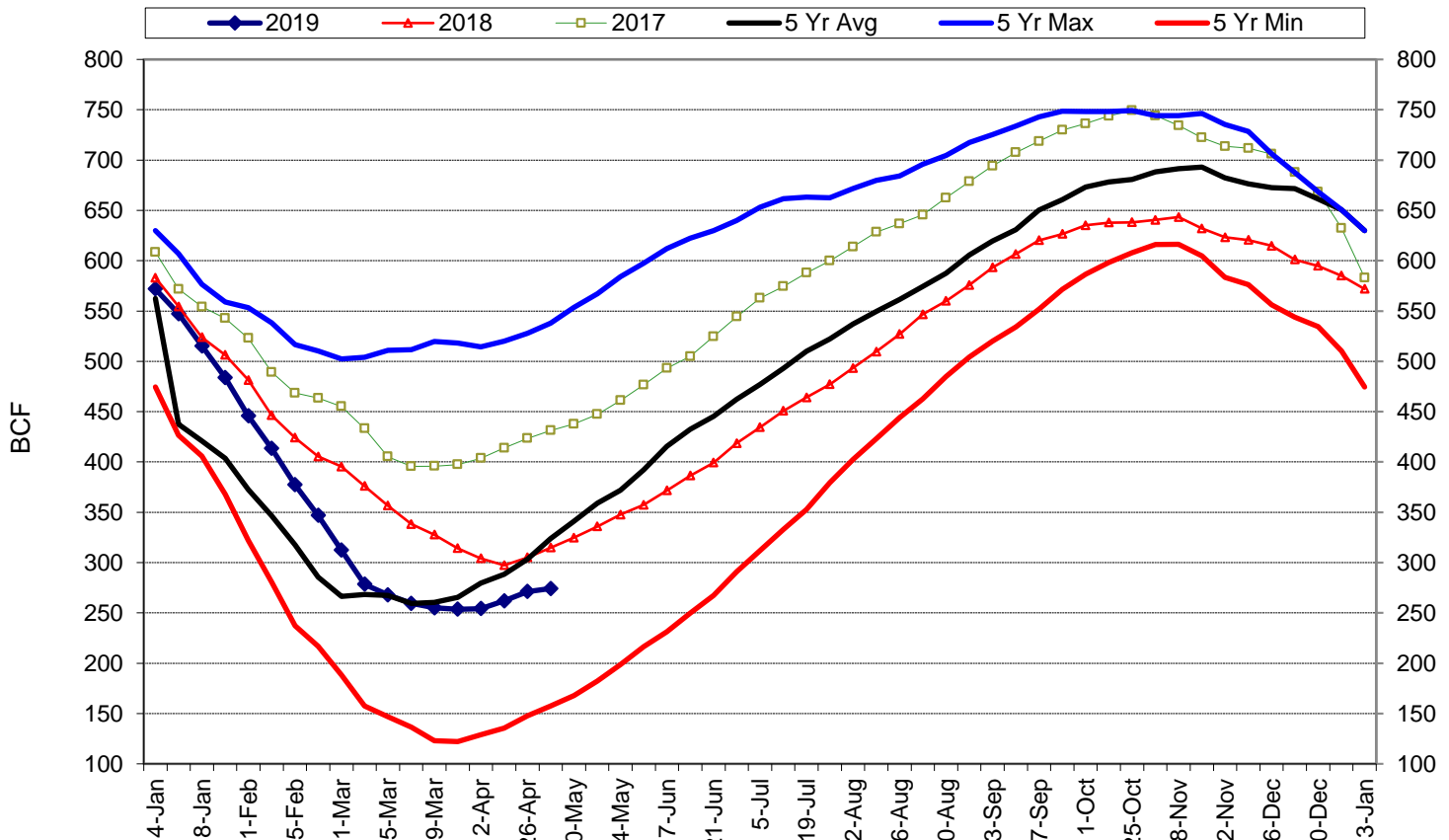
NYMEX Calendar Strips



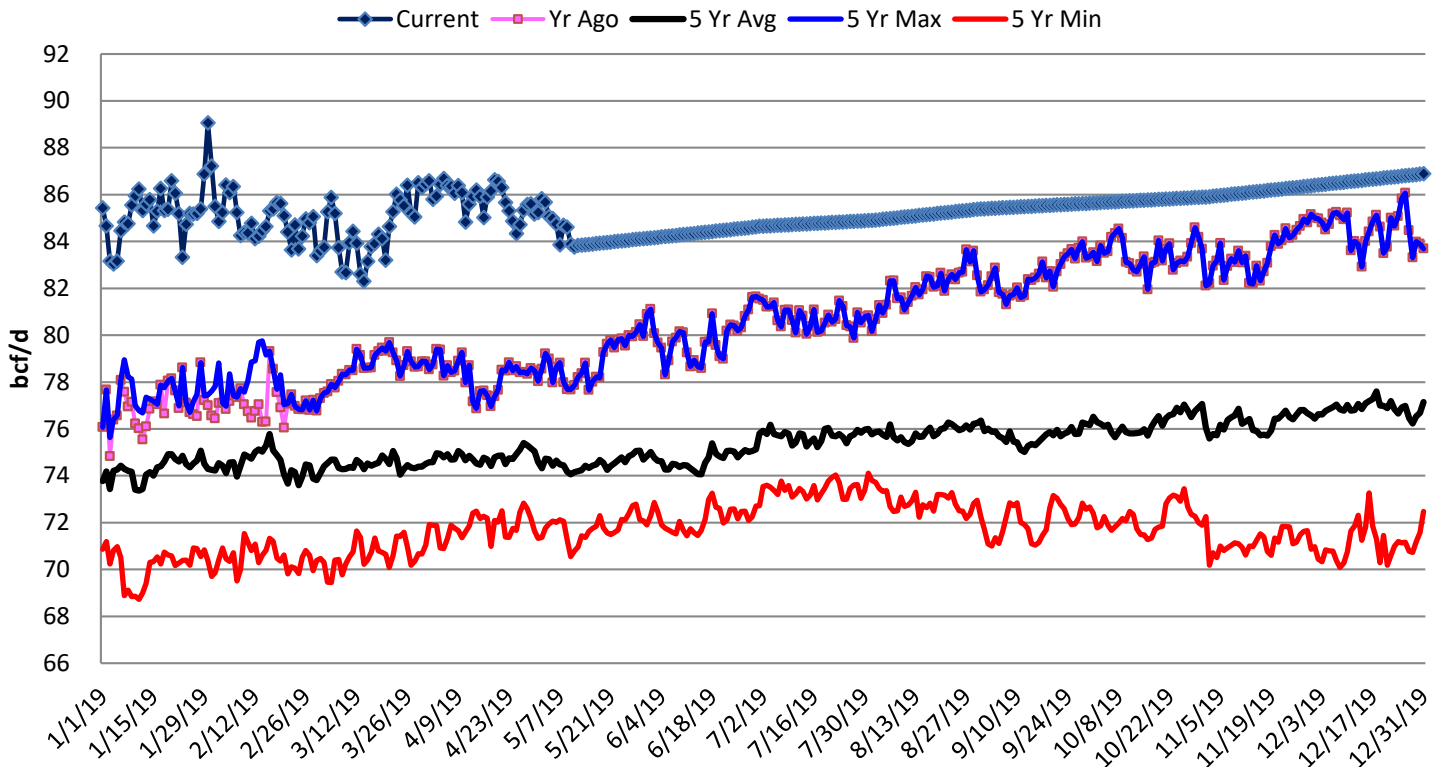
US Total Working Gas Storage - Source - EIA



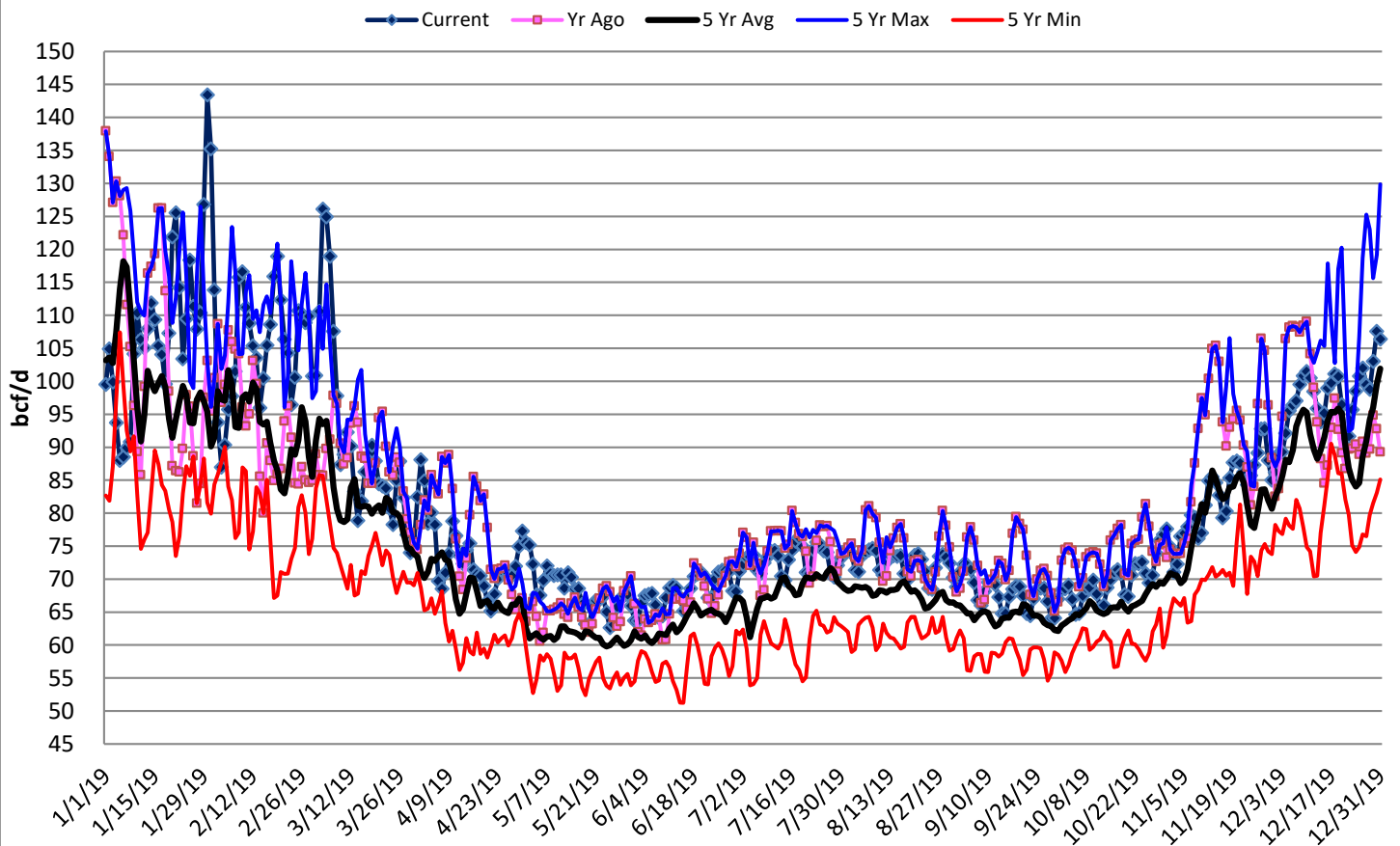
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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