

Join Kyle Cooper at 3:00 pm EST every Wednesday for his "Cooper on Oil & Gas" Live Chat on www.enelyst.com

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Week Ending May 31, 2019

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

Price Action: The now prompt July contract fell 15.7 cents (6.0%) to \$2.454 on a 20.2 cent range (\$2.646/\$2.444).

Price Outlook: Prices collapsed as the EIA reported a storage injection well above expectations while weather forecasts were also considered bearish. Price action ended the 4 consecutive weeks that witnessed a new weekly high. Although daily pipeline data suggested the supply/demand balance was becoming less bearish, the weekly storage injection suggested no tightening and a still very loose supply/demand balance. The summer cooling season and Atlantic Basin tropical season have begun and while cooling demand could surprise to the upside, tropical storms are most likely to be bearish as little supply is disrupted but demand takes a meaningful hit. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (48,696) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the lowest net long position since May 31, 2016. This is the lowest long position since ICE data was added in early January 2010. Total open interest fell (31,590) to 3.348 million as of May 28. Aggregated CME futures open interest rose to 1.310 million as of May 31, the highest since May 22.

Weekly Storage: US working gas storage for the week ending May 24 indicated an injection of +114 bcf. Working gas inventories rose to 1,867 bcf. Current inventories rise 142 bcf (8.2%) above last year and fall (261) bcf (-12.3%) below the 5-year average.

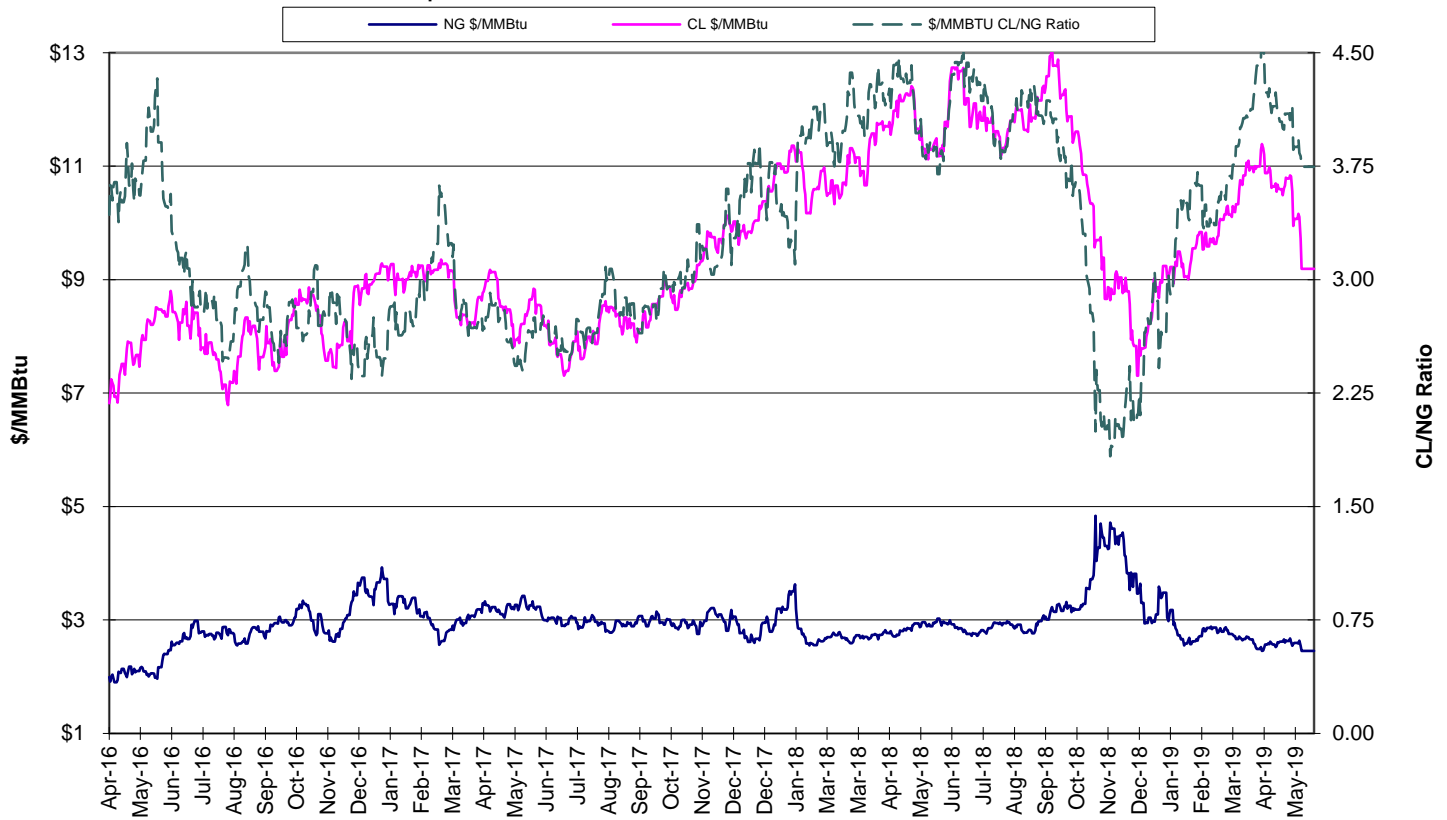
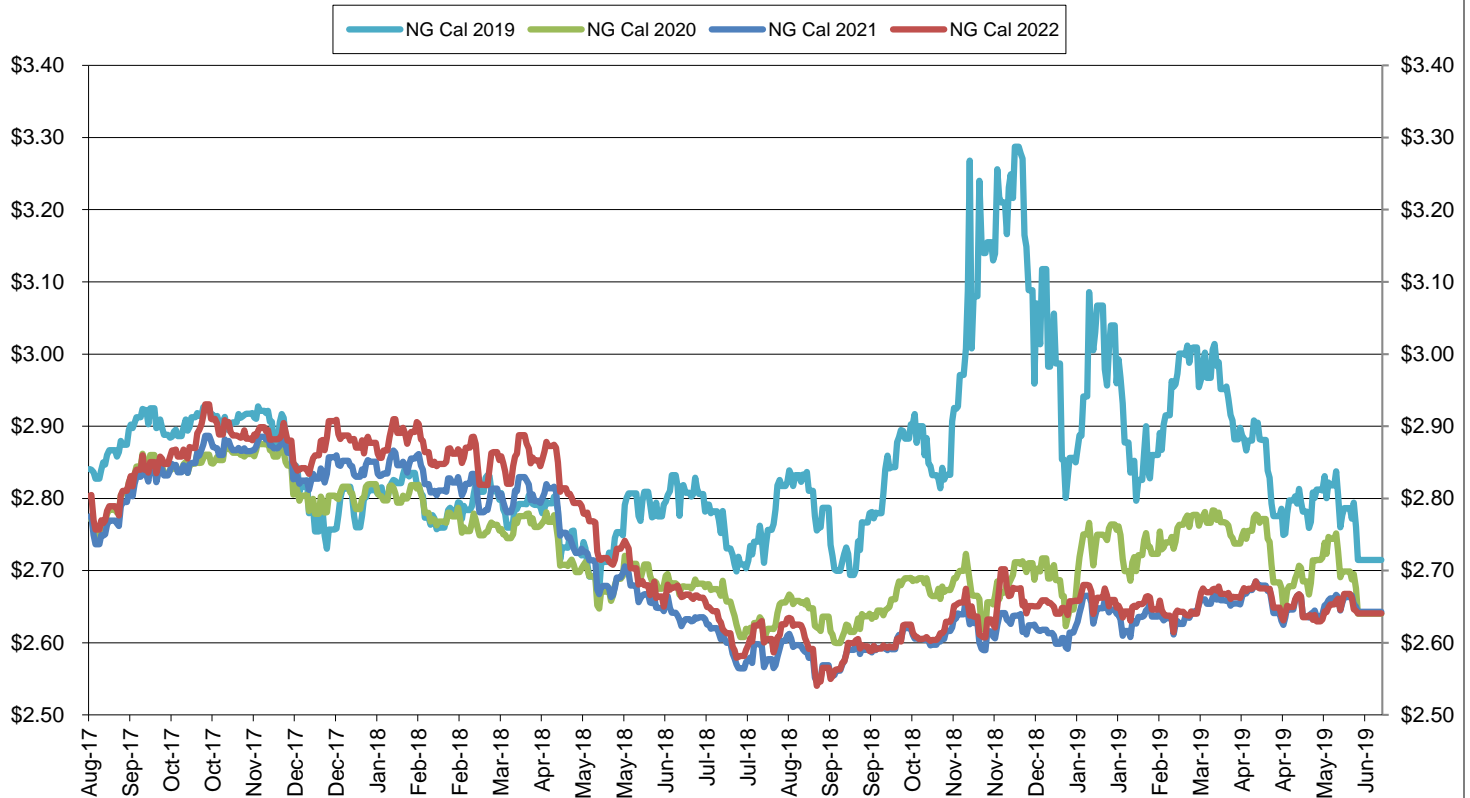
Storage Outlook: The EIA weekly implied flow was 18 bcf from our EIA storage estimate. This week's storage estimate remained soared outside our error tolerance. Over the last five weeks, the EIA has reported total injections of +528 bcf compared to our +510 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

Supply Trends: Total supply rose 0.2 bcf/d to 84.0 bcf/d. US production fell. Canadian imports rose. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +1. Oil activity increased +3. Natural gas activity decreased (2). The total US rig count now stands at 984. The Canadian rig count rose +7 to 85. Thus, the total North American rig count rose +8 to 1,069 and now trails last year by (90). The higher efficiency US horizontal rig count fell (1) to 862 and falls (67) below last year.

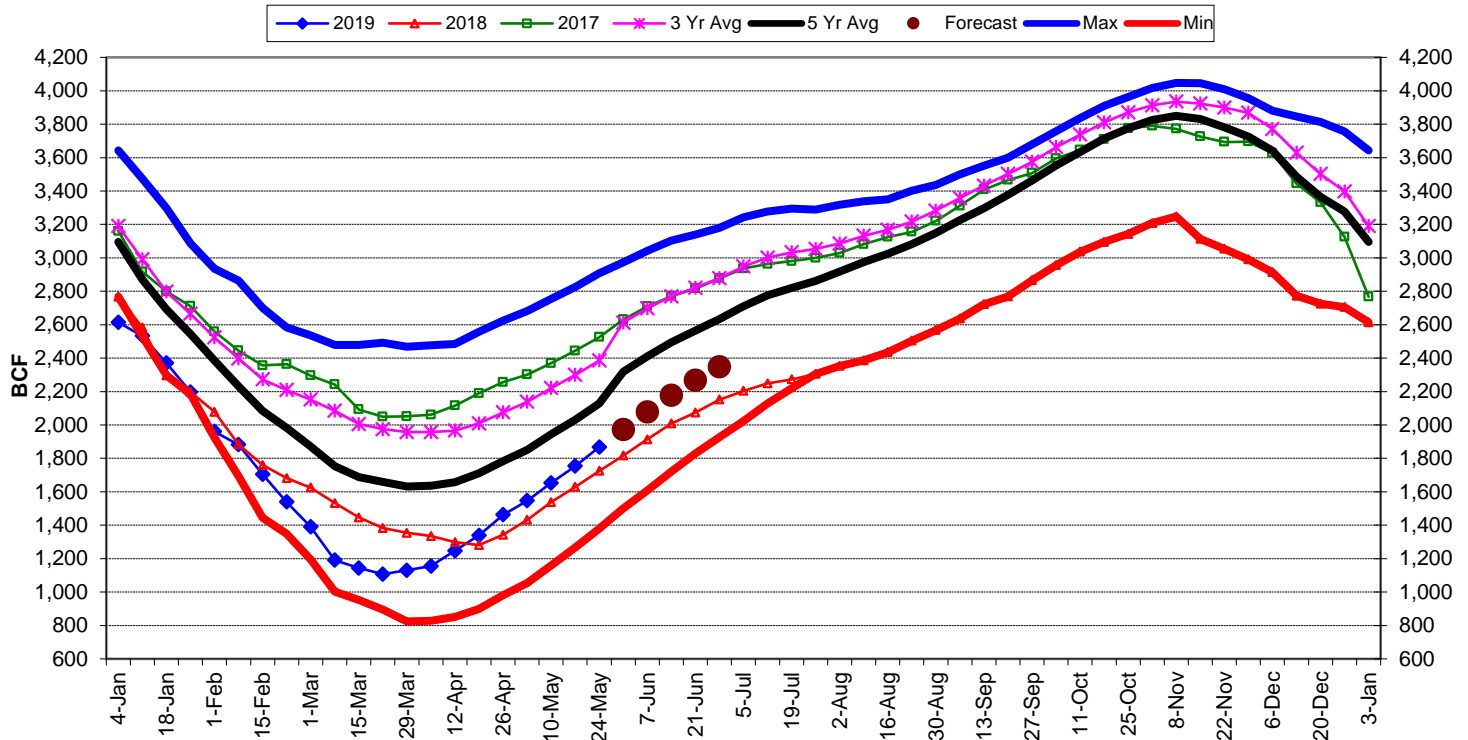
Demand Trends: Total demand rose +1.3 bcf/d to +69.8 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand fell. Electricity demand rose +4,841 gigawatt-hrs to 75,768 which trails last year by (1,913) (-2.5%) and exceeds the 5-year average by 1,838 (2.5%).

Nuclear Generation: Nuclear generation rose 2,406 MW in the reference week to 90,191 MW. This is (3,460) MW lower than last year and +438 MW higher than the 5-year average. Recent output was at 91,528 MW.

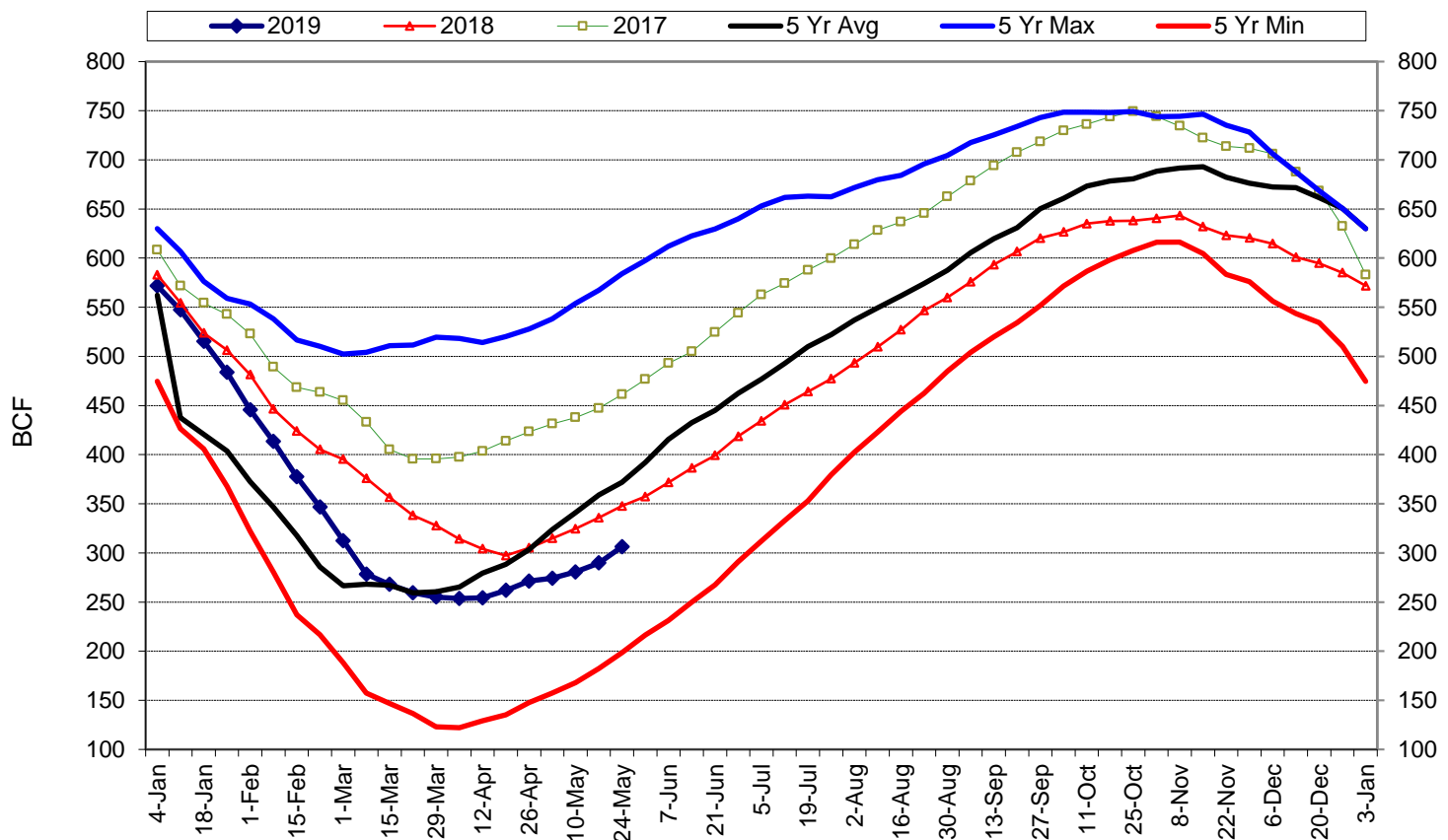
- The cooling season is beginning. With a forecast through June 14, the 2019 total cooling index is at 242 compared to 738 for 2018, 503 for 2017, 509 for 2016, 274 for 2015, 454 for 2014, 516 for 2013, 546 for 2012 and 716 for 2011.

\$/MMBtu Ratio of NYMEX CL and NG**NYMEX Calendar Strips**

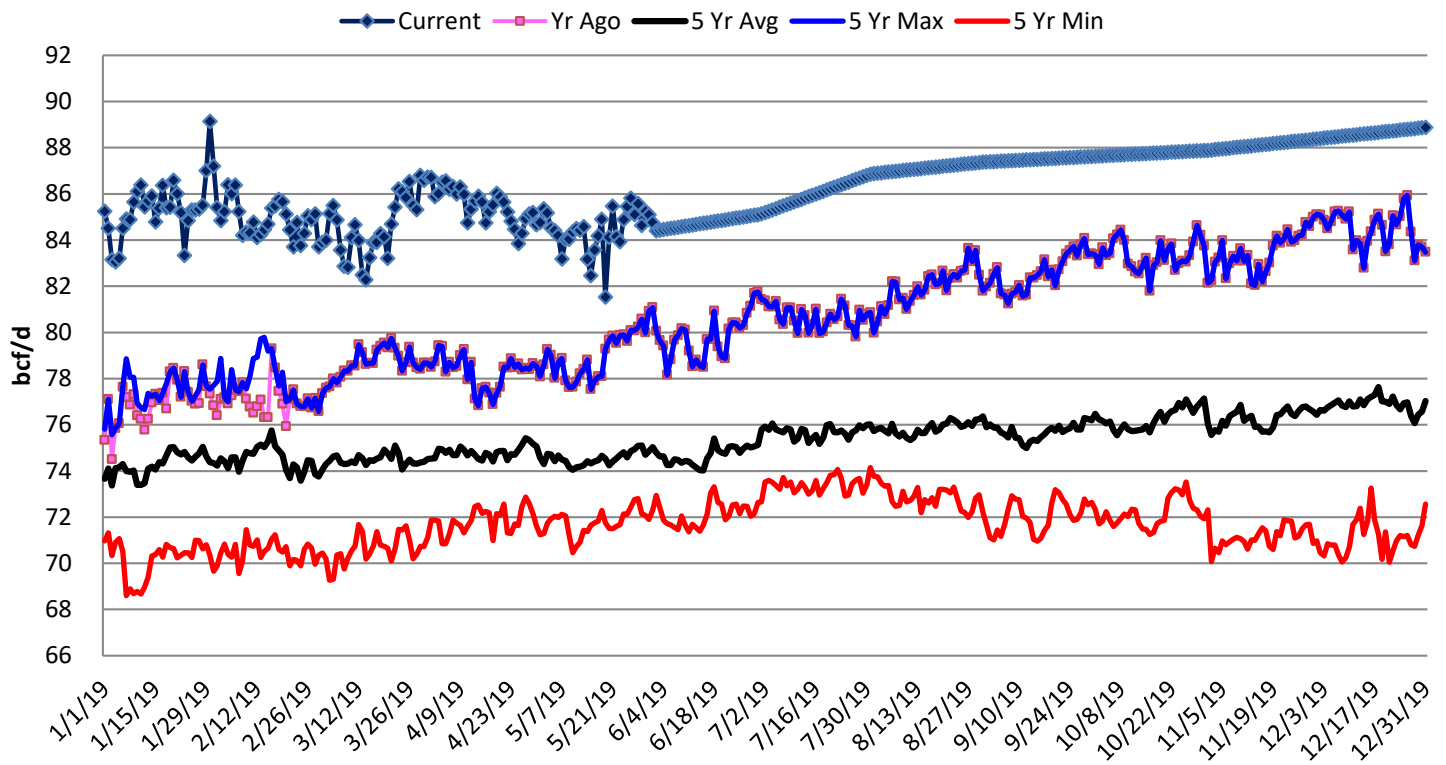
US Total Working Gas Storage - Source - EIA



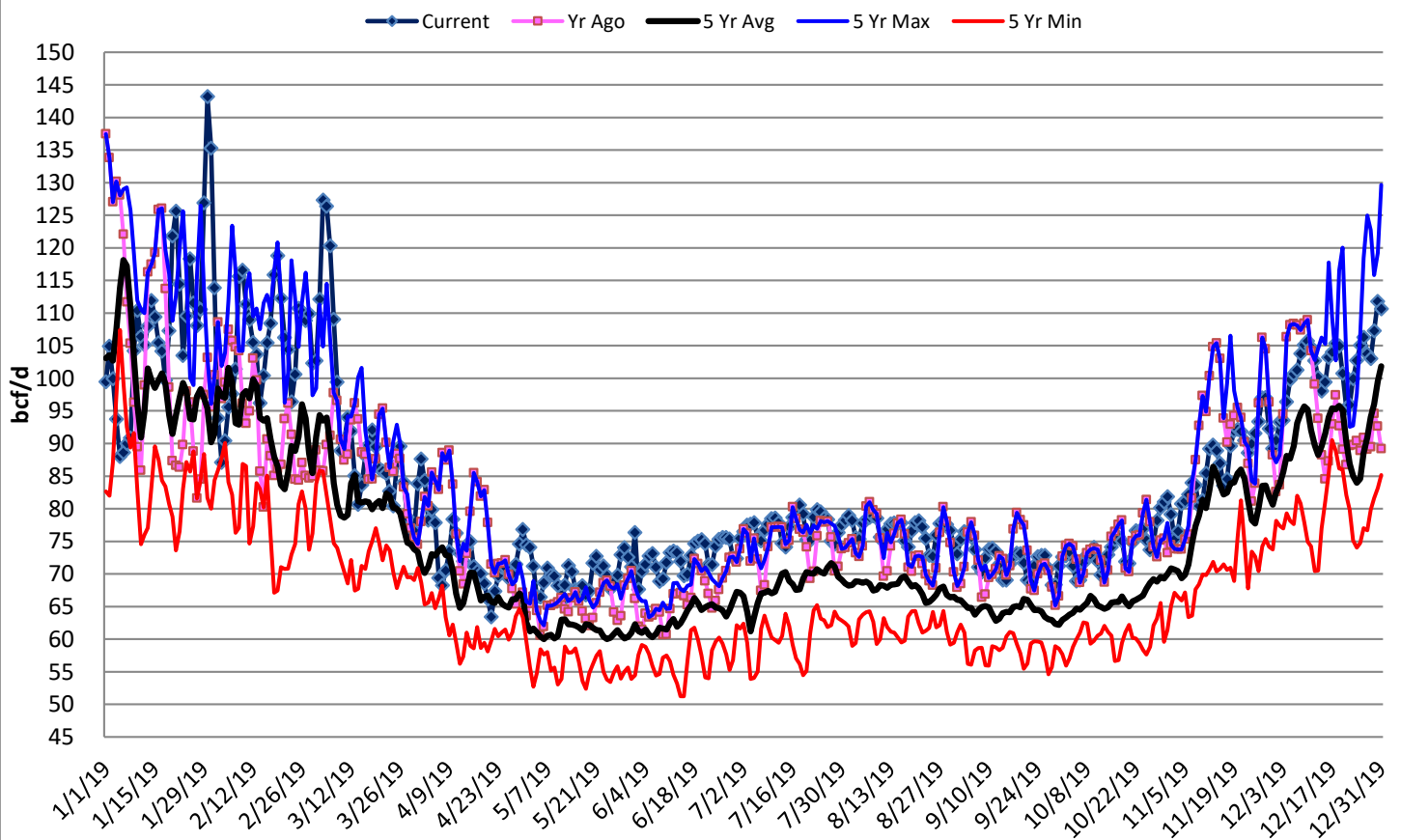
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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