

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 July 19, 2019

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

Price Action: The spot price fell 20.2 cents (8.2%) to \$2.251 on a 22.7 cent range (\$2.469/\$2.242).

Price Outlook: Prices collapsed despite likely record power burn and a storage report that fell below market expectations. However, market expectations for power burn were extremely lofty and weather forecasts did begin to moderate, tempering bullish expectations. Also, summer is entering its second half and the potential for extended heat fade as sun angles begin to dip. If temperatures cool in August, a retest of the recent \$2.159 is possible. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a 3,272 contract reduction in the net short managed money position as longs liquidated and shorts covered Total open interest rose 50,898 to 3.495 million as of July 16. Aggregated CME futures open interest rose to 1.313 million as of July 19, the highest since July 5. **The current weather forecast is now warmer than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.8 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 1.303 bcf. Cameron is exporting 0.630 bcf. Freeport is exporting 0.000 bcf. Elba Island is exporting 0.000 bcf.**

Weekly Storage: US working gas storage for the week ending July 12 indicated an injection of +62 bcf. Working gas inventories rose to 2,533 bcf. Current inventories rise 285 bcf (12.7%) above last year and fall (143) bcf (-5.3%) below the 5-year average.

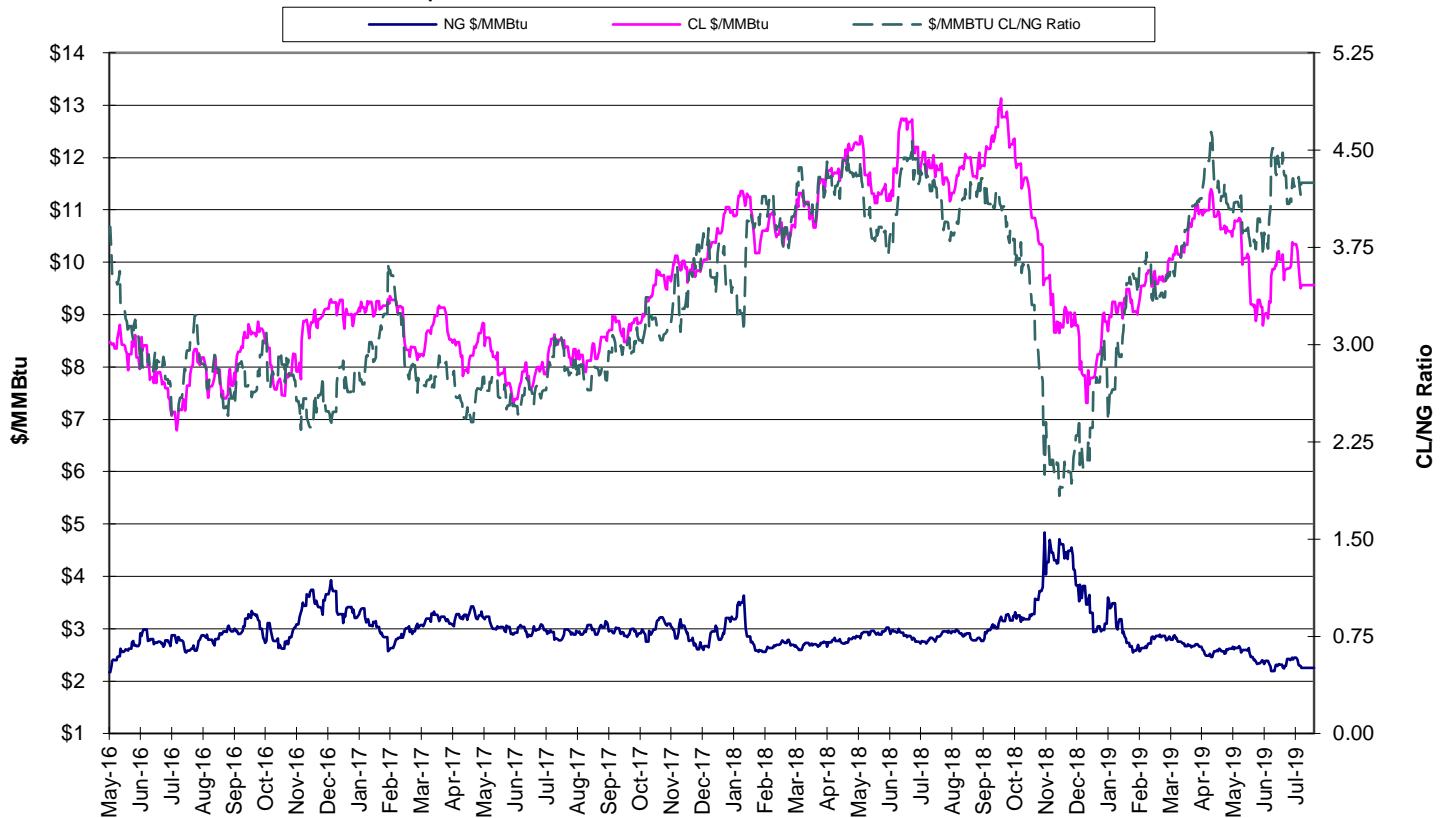
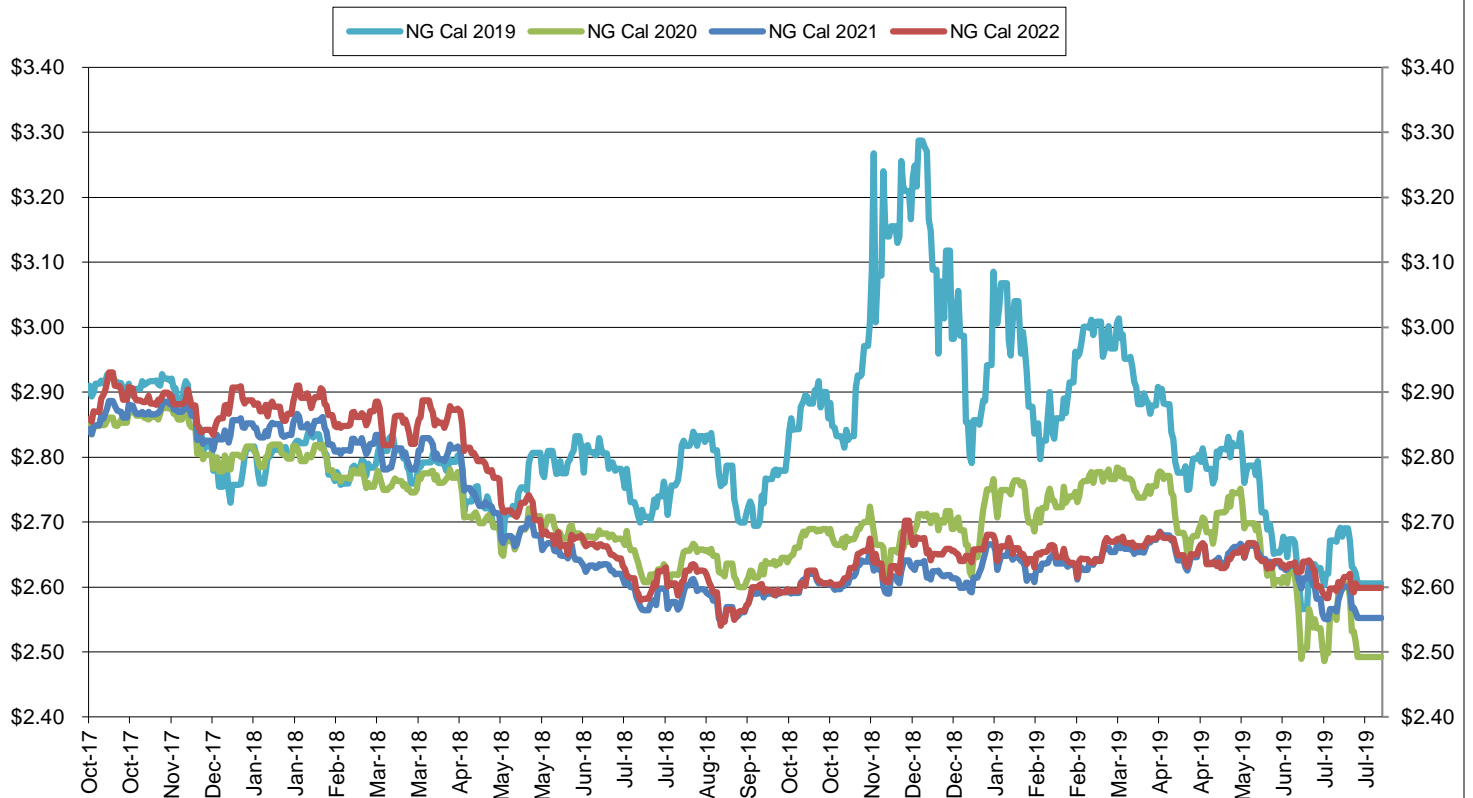
Storage Outlook: The EIA weekly implied flow was (1) bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, the EIA has reported total injections of +485 bcf compared to our +476 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply fell (0.5) bcf/d to 84.7 bcf/d. US production fell. Canadian imports fell. LNG imports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (4). Oil activity decreased (5). Natural gas activity increased +2. The total US rig count now stands at 954. The Canadian rig count rose +1 to 118. Thus, the total North American rig count fell (3) to 1,072 and now trails last year by (185). **The higher efficiency US horizontal rig count fell (2) to 829 and falls (93) below last year.**

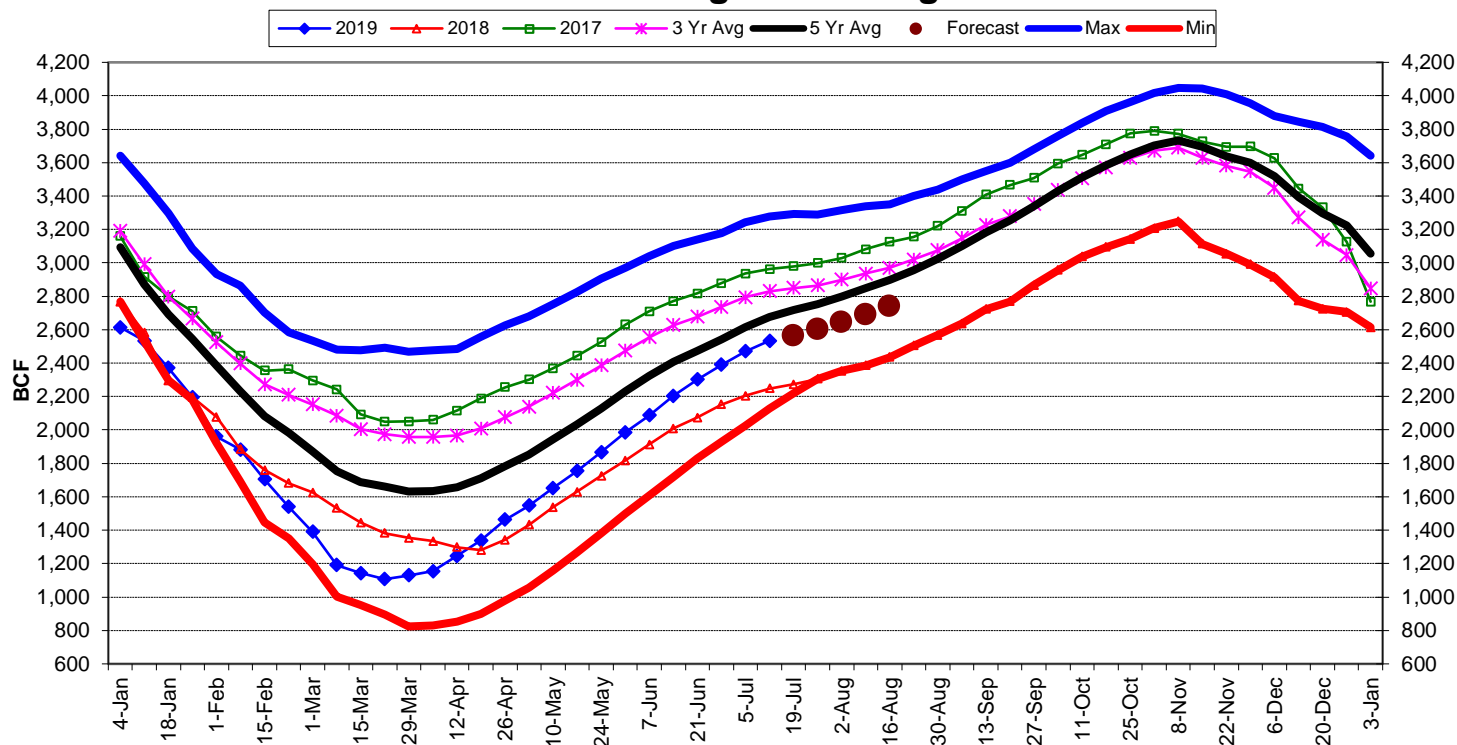
Demand Trends: Total demand rose +1.2 bcf/d to +76.2 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand fell. Electricity demand rose +915 gigawatt-hrs to 89,586 which trails last year by (1,478) (-1.6%) and exceeds the 5-year average by 624 (0.7%%).

Nuclear Generation: Nuclear generation rose 35 MW in the reference week to 95,151 MW. This is (1,334) MW lower than last year and +426 MW higher than the 5-year average. **Recent output was at 95,378 MW.**

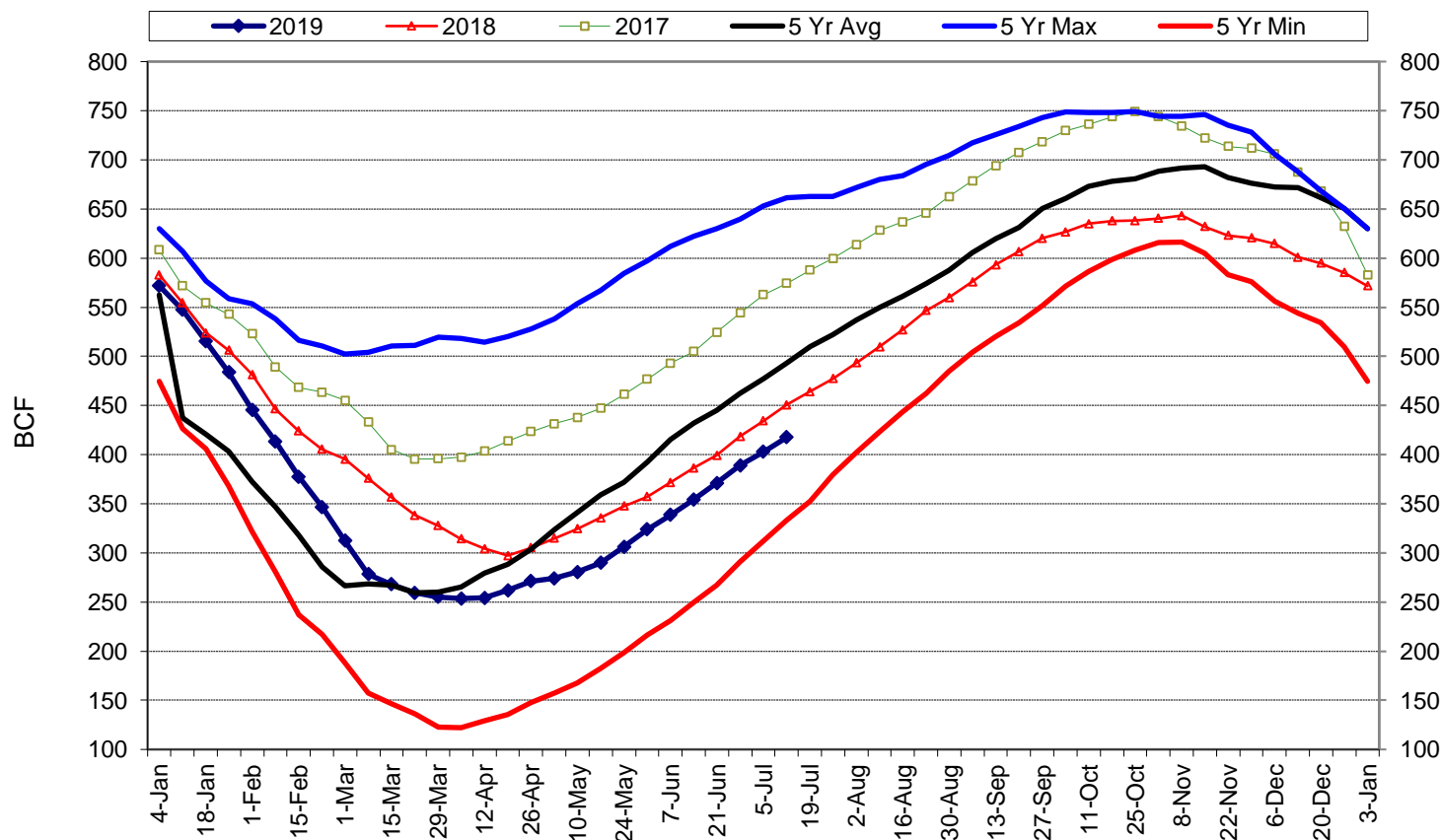
- The cooling season is beginning. With a forecast through August 2, the 2019 total cooling index is at 2,300 compared to 3,754 for 2018, 3,292 for 2017, 3,660 for 2016, 2,453 for 2015, 2,090 for 2014, 2,941 for 2013, 5,120 for 2012 and 3,964 for 2011.

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

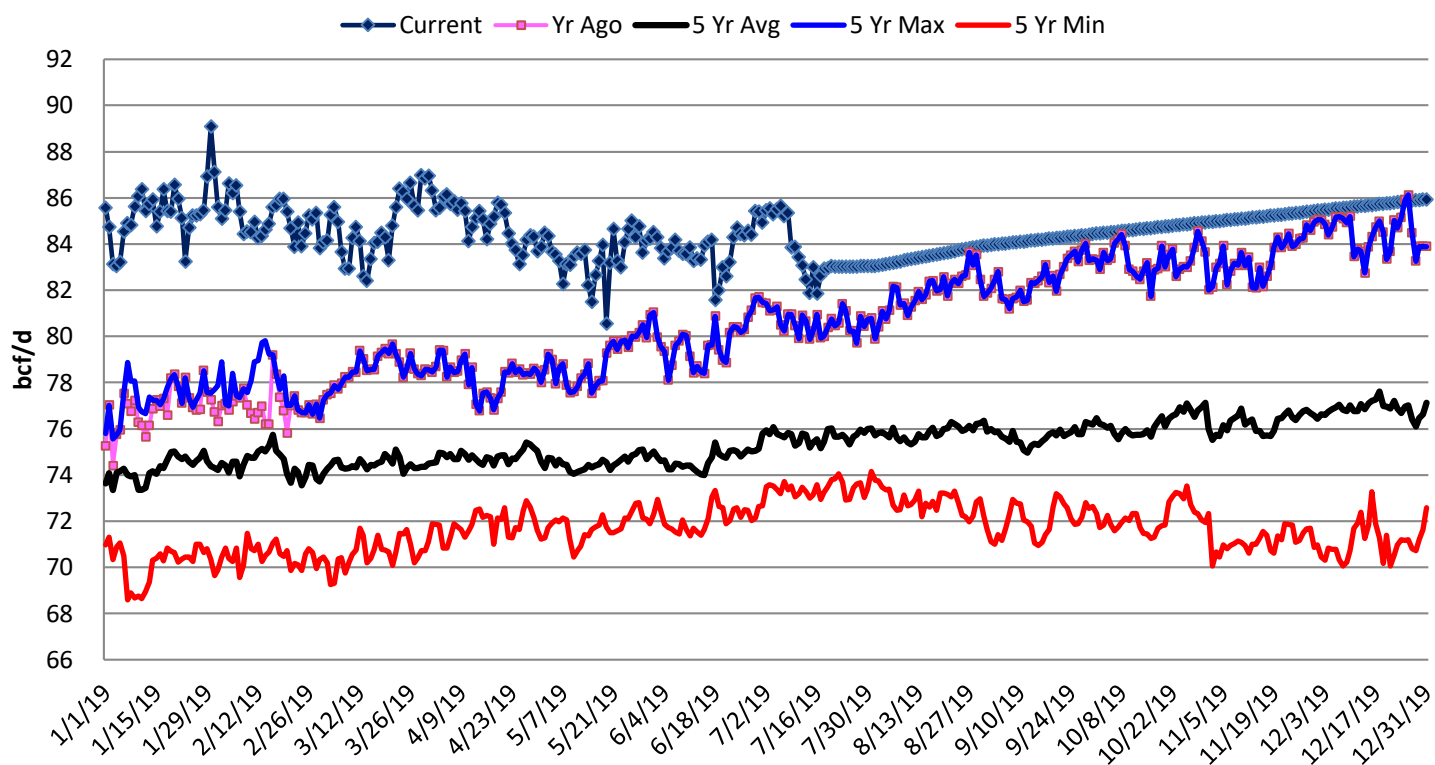
US Total Working Gas Storage - Source - EIA



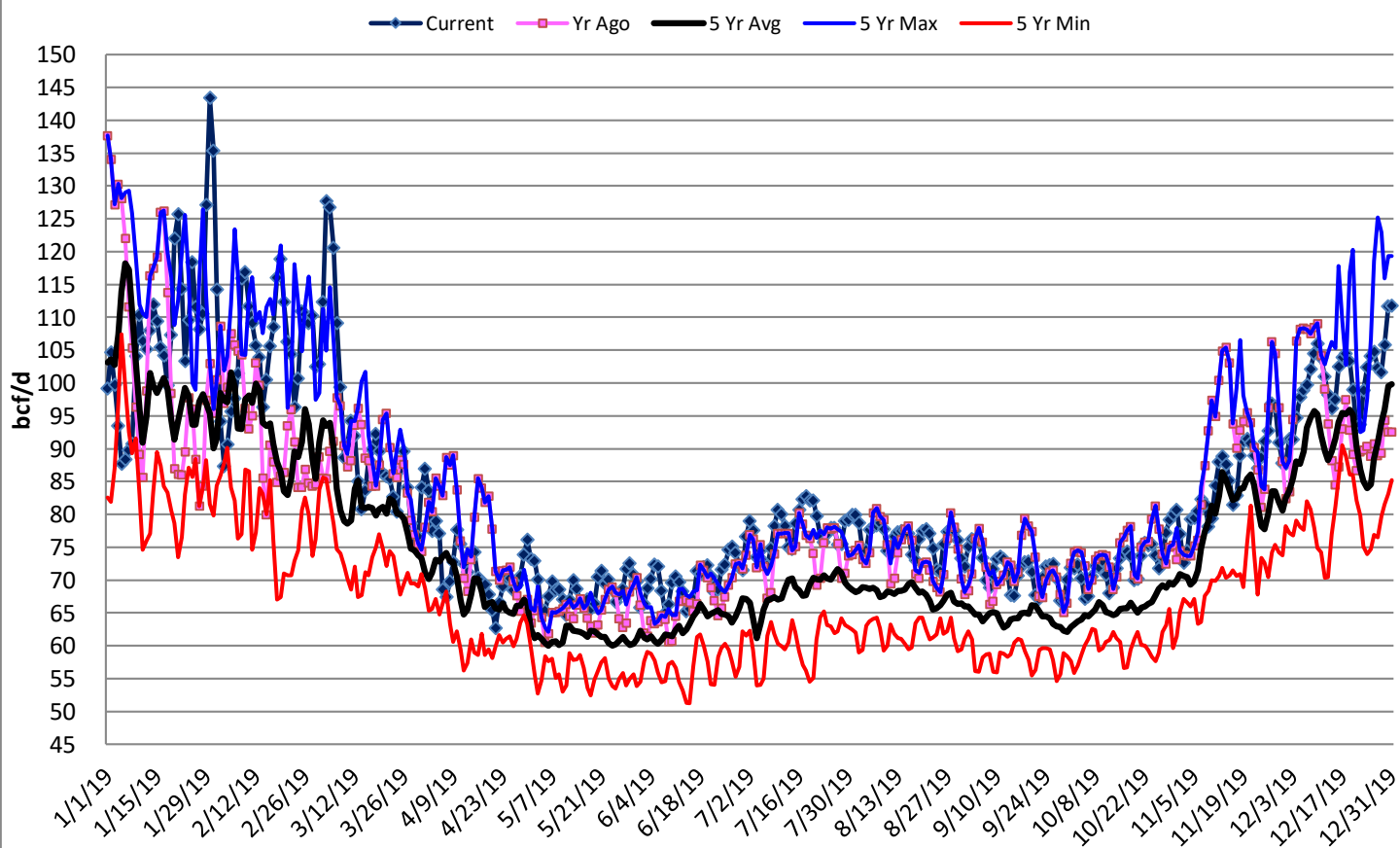
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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