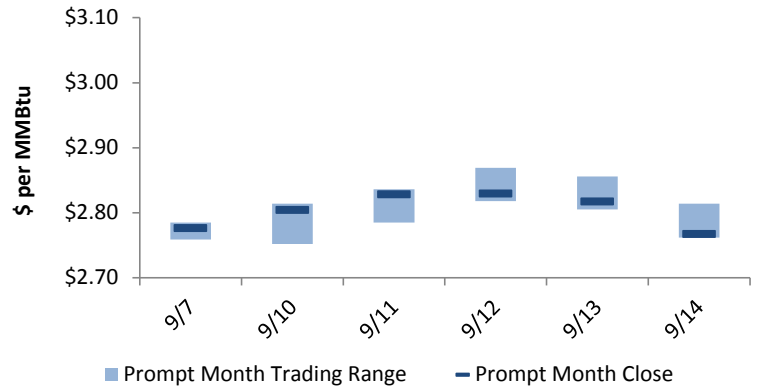


Weekly Market Update

Executive Summary

- Prompt-month natural gas futures on the New York Mercantile Exchange closed on Friday at \$2.767 per MMBtu, down \$0.009 from the previous week. Average pricing for the balance of 2018 and calendar year 2019 was at \$2.787 and \$2.694 per MMBtu, respectively.
- The Energy Information Administration reported a net injection of 69 Bcf for the week ending September 7, compared to a five-year average increase of 74 Bcf and a year-ago build of 87 Bcf. At 2,637 Bcf, total storage inventories are currently 595 Bcf below the benchmark five-year average and 661 Bcf behind year-ago levels.
- Domestic natural gas production increased to 83.2 Bcf per day for the seven-day period ending September 12, up 0.3 Bcf per day from the previous week and 10.3 Bcf per day ahead of the same period last year.
- The power generation sector led natural gas demand over the most recent week, averaging 31.2 Bcf per day compared to 25.7 Bcf per day during the same period last year. Total natural gas export volumes were down from the previous week, led by declines of 0.3 Bcf per day in Mexican pipeline sendout.
- Population-weighted cooling degree days were 4.0% above average for the week ending September 14. The latest 6-10 day outlook includes above-normal temperatures for most of the country, with the strongest anomalies on the Southeast U.S.

NYMEX Futures



Contracts	Sep 14	Sep 07	Change
October 2018	\$2.767	\$2.776	(\$0.009)
November 2018	\$2.751	\$2.790	(\$0.039)
December 2018	\$2.843	\$2.878	(\$0.035)

Strips	Sep 14	Sep 07	Change
Rolling 12 Months	\$2.717	\$2.730	(\$0.012)
Balance 2018	\$2.787	\$2.815	(\$0.028)
Winter 2018-2019	\$2.850	\$2.882	(\$0.032)
Summer 2019	\$2.602	\$2.599	\$0.003
Calendar 2019	\$2.694	\$2.700	(\$0.005)
Calendar 2020	\$2.615	\$2.600	\$0.015

Supply and Demand Overview

Natural Gas Supply	Week Ending 9/12	Prev Week	Variance	Year Ago	Variance
Domestic Production	83.2	82.9	0.3	72.9	10.3
Canadian Imports	4.5	5.0	(0.5)	5.2	(0.7)
LNG Imports	0.1	0.1	0.0	0.1	0.0
Total Supply¹	87.8	88.0	(0.2)	78.2	9.6

Natural Gas Demand	Week Ending 9/12	Prev Week	Variance	Year Ago	Variance
Power Generation	31.2	34.0	(2.8)	25.7	5.5
Industrial	19.8	19.7	0.1	19.9	(0.1)
Residential & Commercial	9.1	7.3	1.8	8.2	0.9
LNG Exports	3.3	3.2	0.1	1.5	1.8
Mexican Exports	4.4	4.7	(0.3)	4.2	0.2
Total Demand²	67.8	68.9	(1.1)	59.5	8.3

Natural Gas Balance	Week Ending 9/12	Prev Week	Variance	Year Ago	Variance
Net Supply vs Demand	20.0	19.1	0.9	18.7	1.3

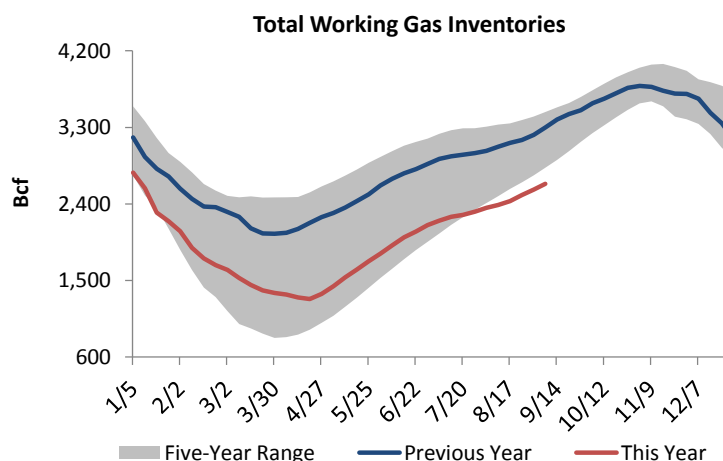
¹ not inclusive of supplemental fuels, balancing item, and other minor supply considerations

² not inclusive of vehicle use, pipeline and distribution use, and other minor demand considerations

Weekly Market Update

Natural Gas Storage

- The Energy Information Administration reported a net injection of 69 Bcf for the week ending September 7, bringing total storage inventories to 2,637 Bcf.
- The most recent storage injection underperformed against historical benchmarks, comparing to a five-year average build of 74 Bcf and an increase of 87 Bcf for the same period last year.
- Looking ahead, the five-year average for the week ending September 14 is an injection of 76 Bcf, while inventories increased by 96 Bcf during the same week last year.
- Injections equal to the five-year average over the balance of the summer would result in end-of-season inventories of 3,253 Bcf. The five-year average for peak inventories is 3,848 Bcf, while storage levels reached 3,790 Bcf in November 2017.



Drilling Activity

- Baker Hughes reported the gas-directed rig count at 186 on September 14, unchanged from the previous week and equal to year-ago levels. The oil-directed rig count stood at 867, up seven from the previous week and 118 rigs above the same period last year.
- This week's data reflects the highest concentration of natural gas drilling in the Marcellus (55) and Haynesville (48) basins, while oil drilling was most active in the Permian (483) basin. The largest gains in total rig activity came in the DJ-Niobrara and Marcellus (+2) basins, with the largest declines occurring in the Permian (-1) basin.

Rig Count by Product	Sep 14	Sep 07	Change
Oil Directed	867	860	7
Gas Directed	186	186	0
Miscellaneous	2	2	0
Total	1,055	1,048	7

Rig Count by Type	Sep 14	Sep 07	Change
Directional	71	65	6
Horizontal	921	918	3
Vertical	63	65	(2)

Weather

U.S. Population-Weighted Degree Days

CDDs by Region	Wk End 9/14	vs Normal	vs Year Ago
NEW ENGLAND	10	(5)	5
MIDDLE ATLANTIC	19	(5)	15
E N CENTRAL	14	(10)	12
W N CENTRAL	26	(2)	1
SOUTH ATLANTIC	88	16	46
E S CENTRAL	73	9	60
W S CENTRAL	80	(16)	26
MOUNTAIN	61	14	0
PACIFIC	40	11	(3)
UNITED STATES	48	2	18

6-10 Day Temperature Outlook (NOAA)

