

IAF Advisors/Criterion Research  
Energy Market Outlook  
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**Price Action:** The April contract fell 12.5 cents (7.0%) to \$1.666 on a 16.4 cent range.

**Price Outlook:** The market continued lower as expected with weather forecasts the driving factor. This winter will likely be warmer than 2011/12 and inventories may be near 2,500 bcf in early April as injections may occur in late March. Although the market has been down 5 weeks in a row, the fundamentals remain bearish and further lows are possible. CFTC data indicated another surge in the managed money net short position that catapulted the position to over 78,000 and the largest since December 29, 2015. Total open interest fell to 3.377 million. Aggregated CME futures open interest rose to 1.067 million as of March 4.

**Weekly Storage:** US working gas storage for the week ending February 26 indicated a net withdrawal of 48 bcf to 2,536 bcf. Current inventories rise 827 bcf (48.4%) above last year while surpassing the 5 year average by 687 bcf (37.1%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 9 bcf larger (smaller withdrawal) than reported by the EIA. This is again above our tolerance range as the frustrating weekly volatility persists. The 5 week summation of our error is however still just 5 bcf. For a 5 week period, this is well within comfort zone. Warmer weather forecasts have increased our April inventory low to 2,470 bcf. Our estimation for early November inventories is 4,250 bcf.

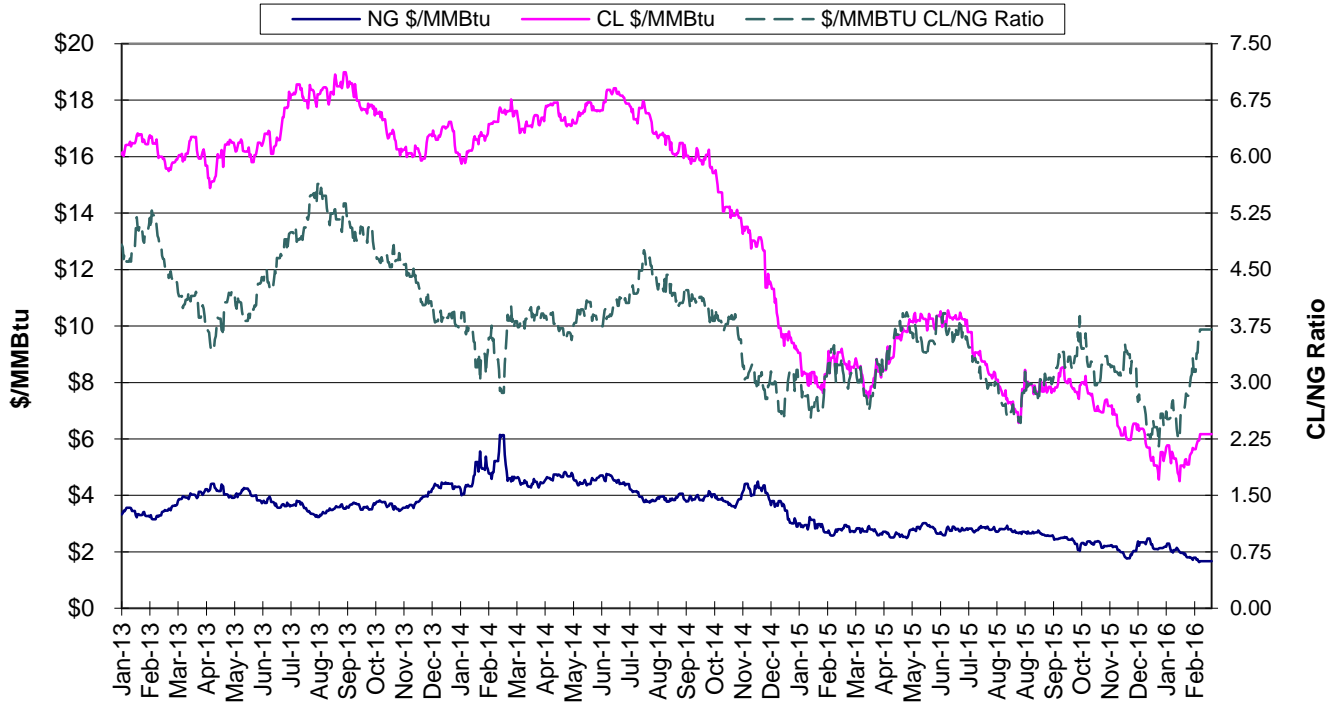
**Supply Trends:** Total supply fell 3.1 bcf/d to 78.5 bcf/d. All supply components were lower. The EIA Monthly Natural Gas report indicated a slight drop in December production that was in line with pipeline data.

**Demand Trends:** Total demand fell 17.4 bcf/d to 80.2 bcf/d. All sectors were lower as R&C demand collapsed. Electricity demand fell 3,453 gigawatt-hrs to 71,892 which trails last year by 13,503 (15.8%) and the 5 year average by 5,204 (6.7%). The EIA Monthly Natural Gas report indicated lower December demand as expected considering the extremely moderate temperatures and subsequent relative lack of heating demand.

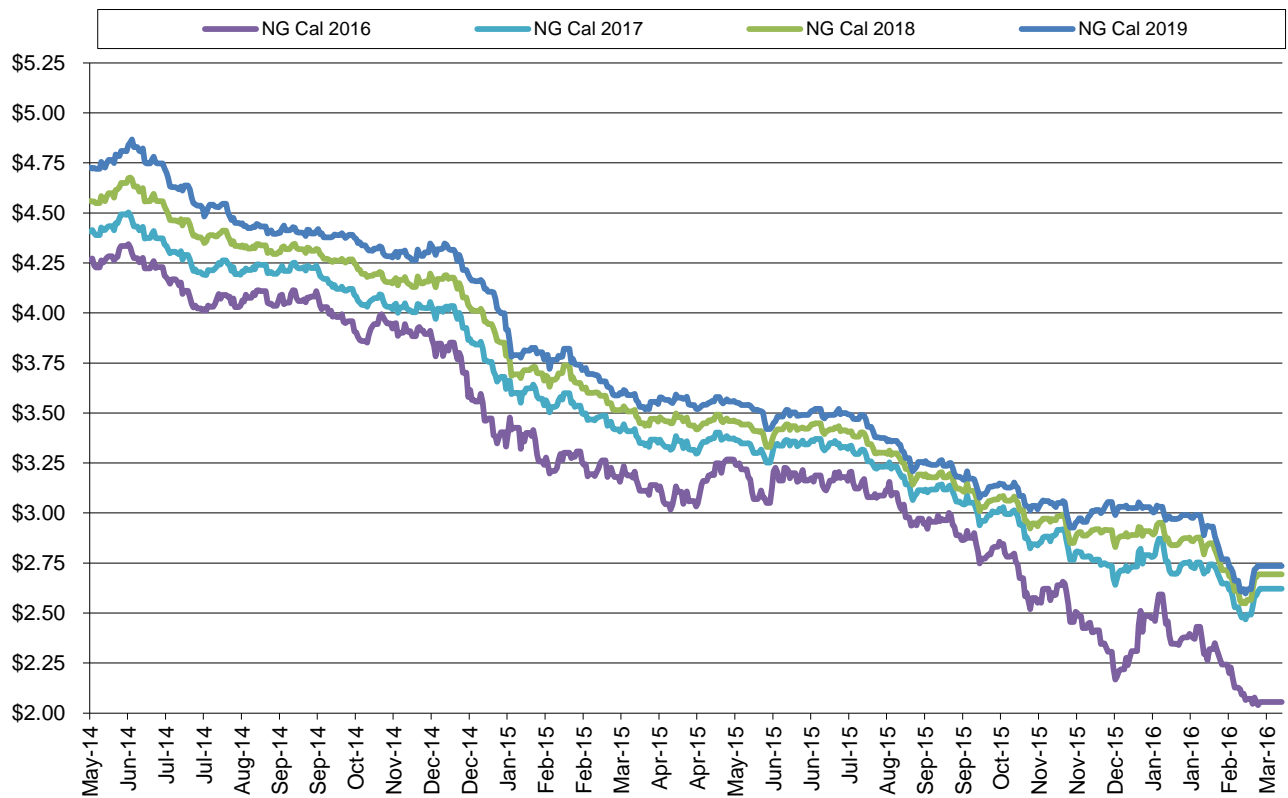
**Other Factors** Nuclear generation fell 314 MW in the reference week to 89,981 MW. This is 755 MW higher than last year and 941 MW higher than the 5 year average. Recent output is just over 88,000 MW.

- The 2015/16 heating season continues to easily be the least severe since 2011/12. With a forecast through March 18, the 2015/16 total heating index is at 2,095 compared to 2,632 for 2014/15, 2,901 for 2013/14, 2,631 for 2012/13 and 2,406 for 2011/12.

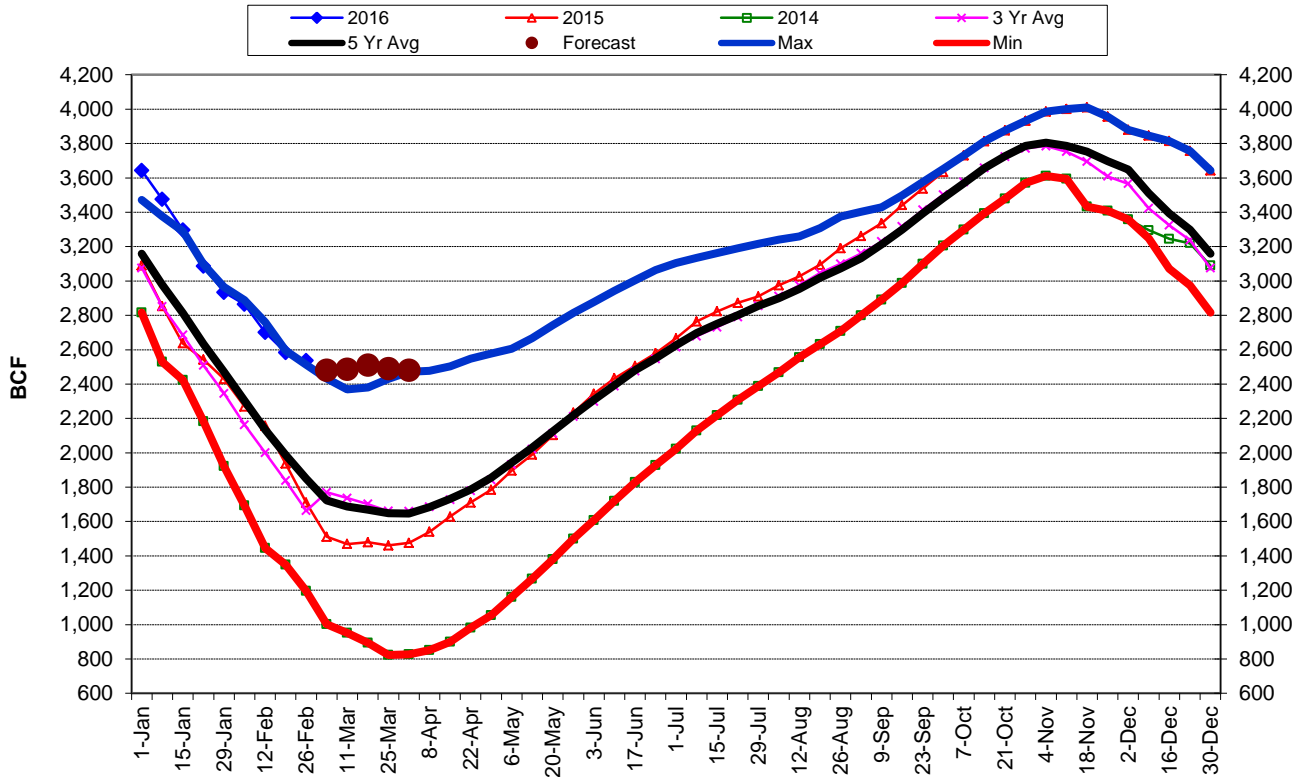
## \$/MMBtu Ratio of NYMEX CL and NG



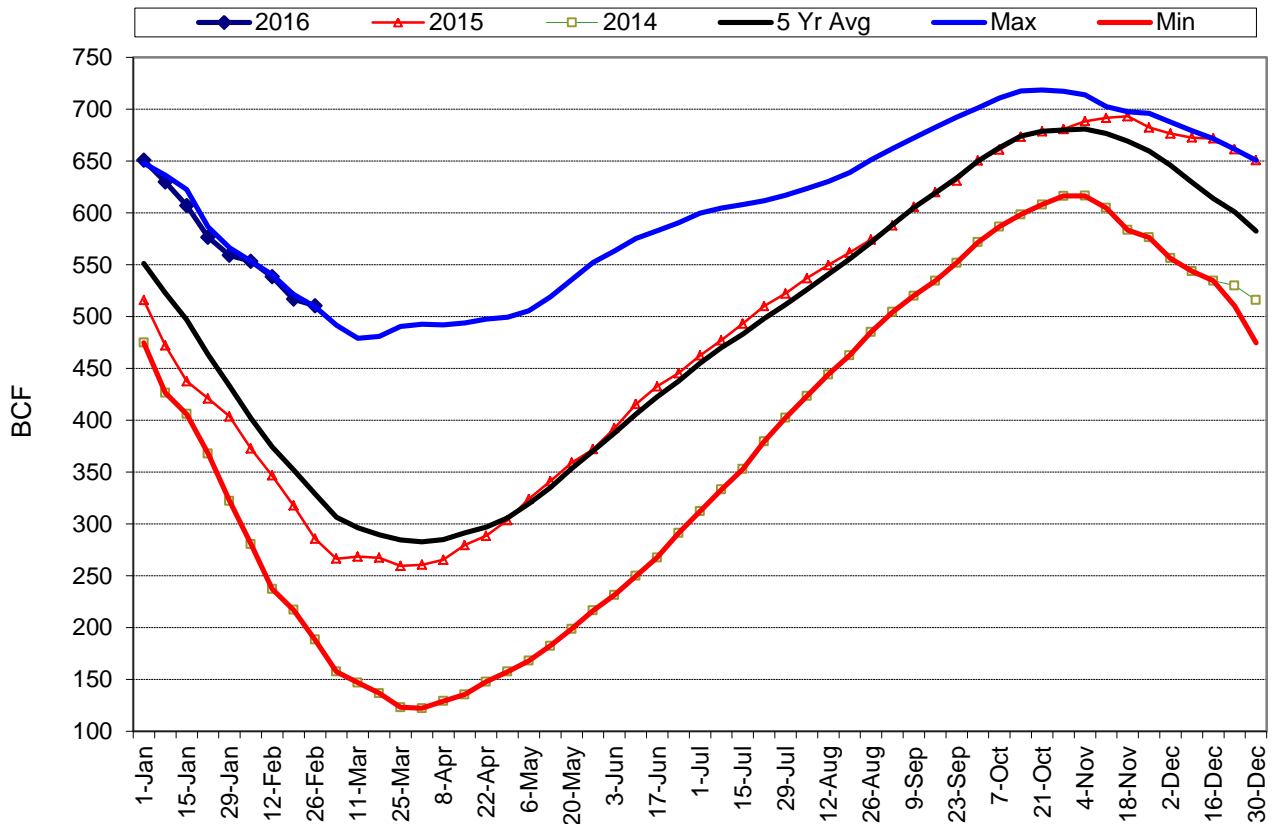
## NYMEX Calendar Strips



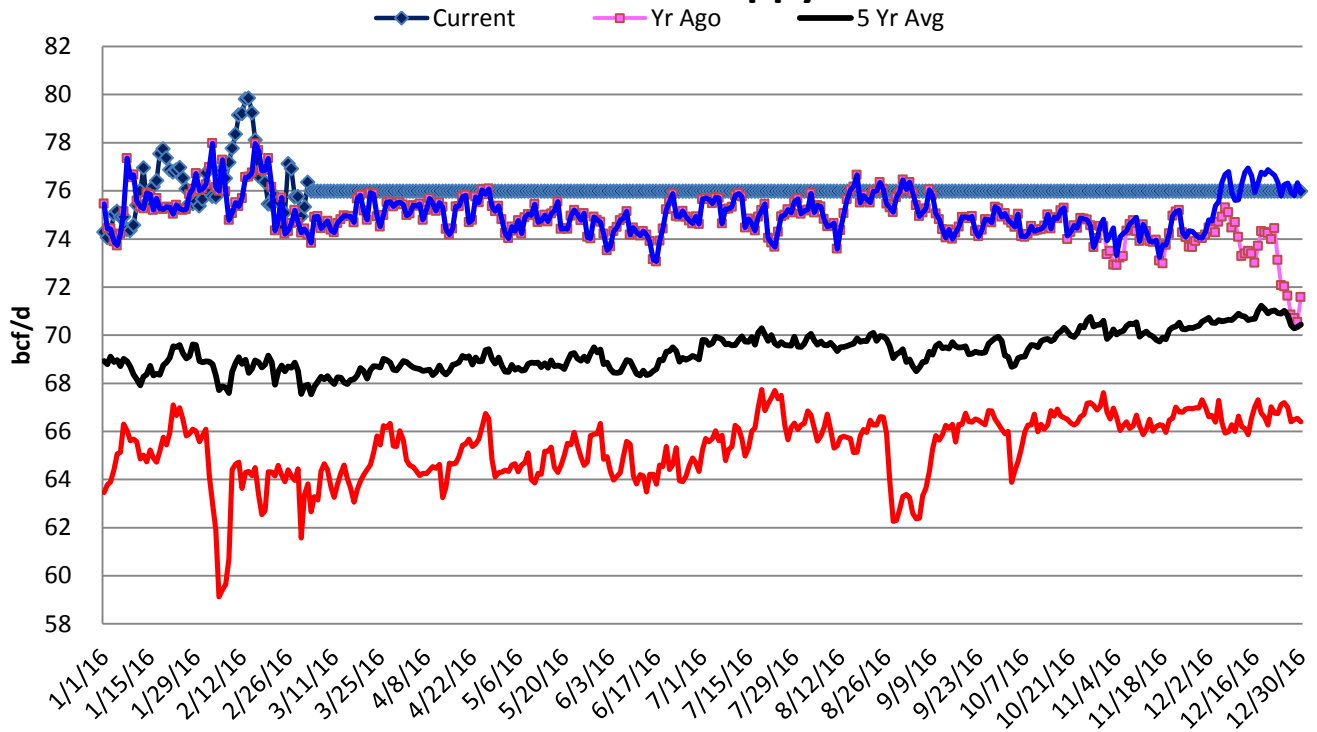
## US Total Working Gas Storage - Source - EIA



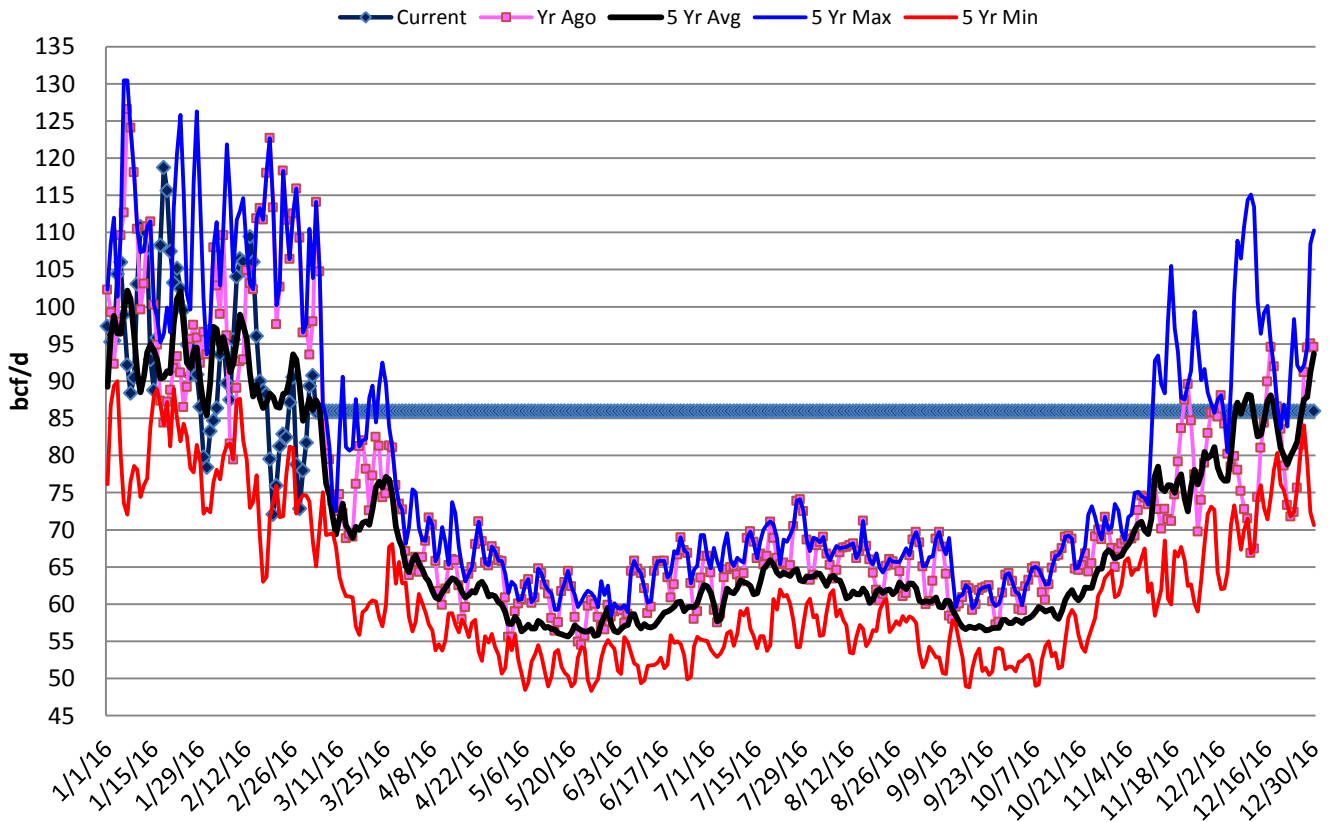
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



## **ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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