

IAF Advisors/Criterion Research  
Energy Market Outlook  
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**Please contact me if you wish to review a joint RBN Energy daily publication detailing natural gas fundamental factors.**

**Price Action:** The April contract fell 10.1 cents (5.3%) to \$1.806 on a 13.6 cent range.

**Price Outlook:** The market posted a rare inside week as the print of \$1.772 for the week was 1 tick above the prior week's \$1.771 low. Since 2000, only 76 weeks have failed to post either a new high or low. In contrast, 96 have witnessed weeks with both a new high and low. After the small weekly range and still bearish overall storage levels, a new low is considered the most likely path for next week. CFTC data indicated another rather notable decrease in the managed money net short position to the smallest since February 9. Total open interest rose to 3.497 million as of March 22. Aggregated CME futures open interest fell to 1.071 million as of March 24.

**Weekly Storage:** US working gas storage for the week ending March 18 indicated a net injection of 15 bcf to 2,493 bcf. Current inventories rise 1,014 bcf (68.6%) above last year while surpassing the 5 year average by 864 bcf (53.1%).

**Storage Outlook:** As a note to the overall North American storage situation, Canadian working gas storage for the week ending March 18 rose 6.7 bcf. Thus total working gas inventories increased to 510.7 bcf. Current inventories exceed last year by 243.4 bcf (91.1%) and the 5 year average by 221.3 bcf (76.4%).

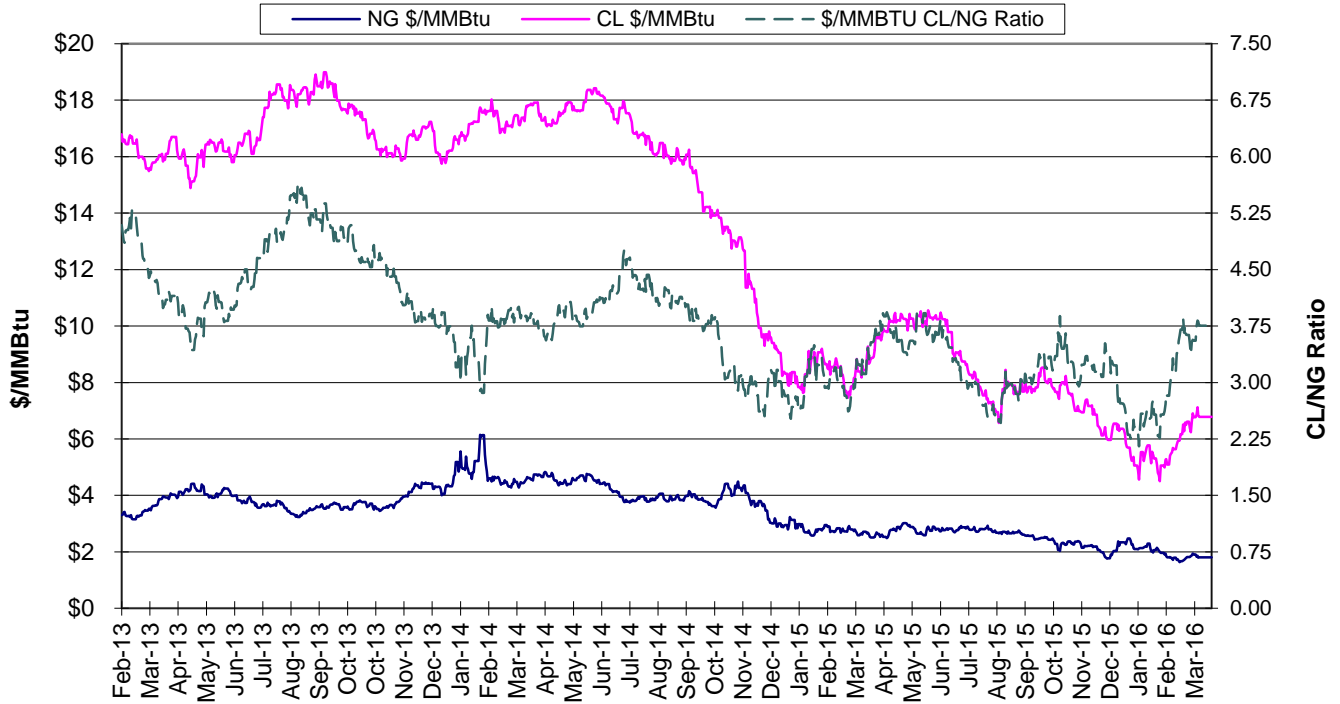
**Supply Trends:** Total supply fell 1.7 bcf/d to 73.5 bcf/d. US production, Canadian and LNG imports were lower. Mexican exports were unchanged. Our review of company 2015 Q4 E&P reports indicates actual output beat estimates. At the same time, 2016 Q1 estimates are higher than 2015 Q4 estimates while nearly flat to actual 2015 Q4 output. This guidance comes despite massive Capex reductions.

**Demand Trends:** Total demand fell 5.2 bcf/d to 69.7 bcf/d. Power demand actually was slightly higher. Electricity demand fell 212 gigawatt-hrs to 68,254 which trails last year by 2,196 (3.1%) and the 5 year average by 2,703 (3.8%).

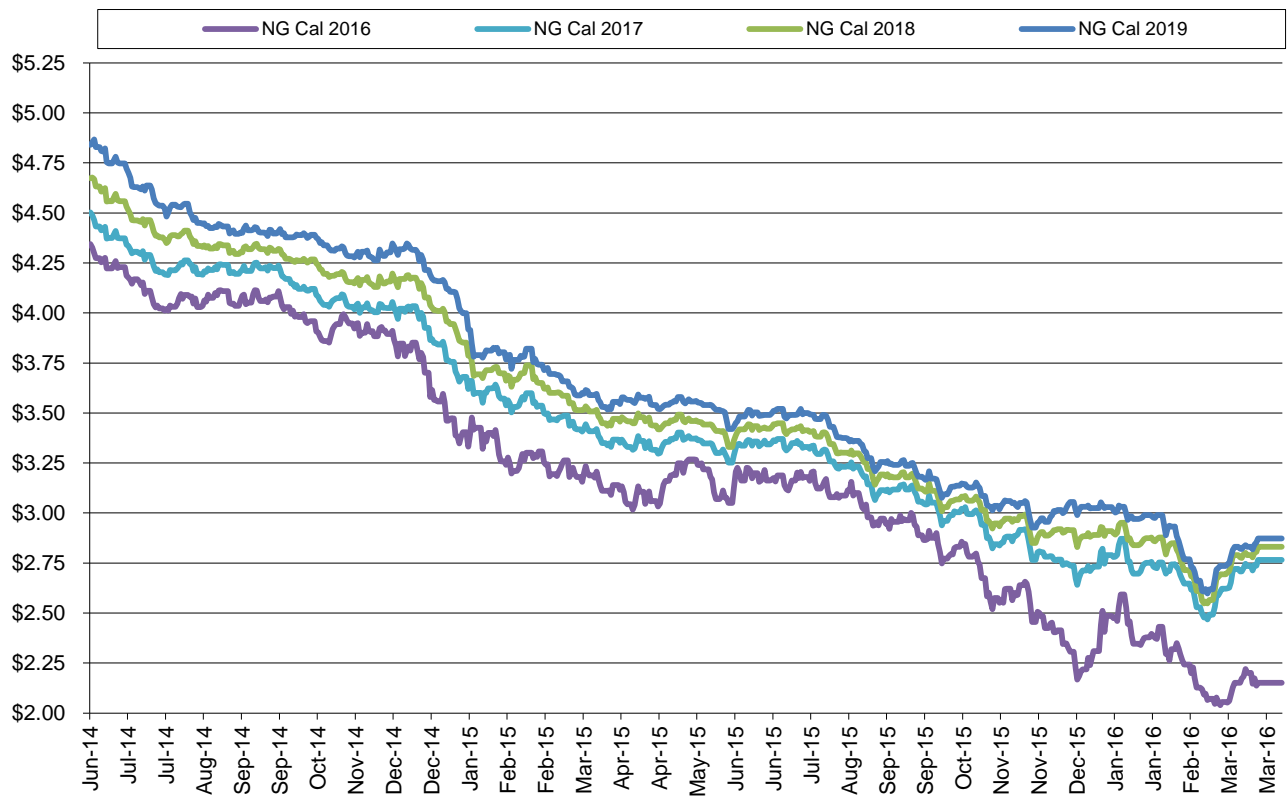
**Other Factors:** Nuclear generation fell 897 MW in the reference week to 86,605 MW. This is 3,612 MW higher than last year and 4,025 MW higher than the 5 year average. Recent output is approximately 82,500 MW.

- The 2015/16 heating season is rapidly coming to end and is easily the least severe since 2011/12. With a forecast through April 8, the 2015/16 total heating index is at 2,324 compared to 2,824 for 2014/15, 3,136 for 2013/14, 2,915 for 2012/13 and 2,501 for 2011/12.

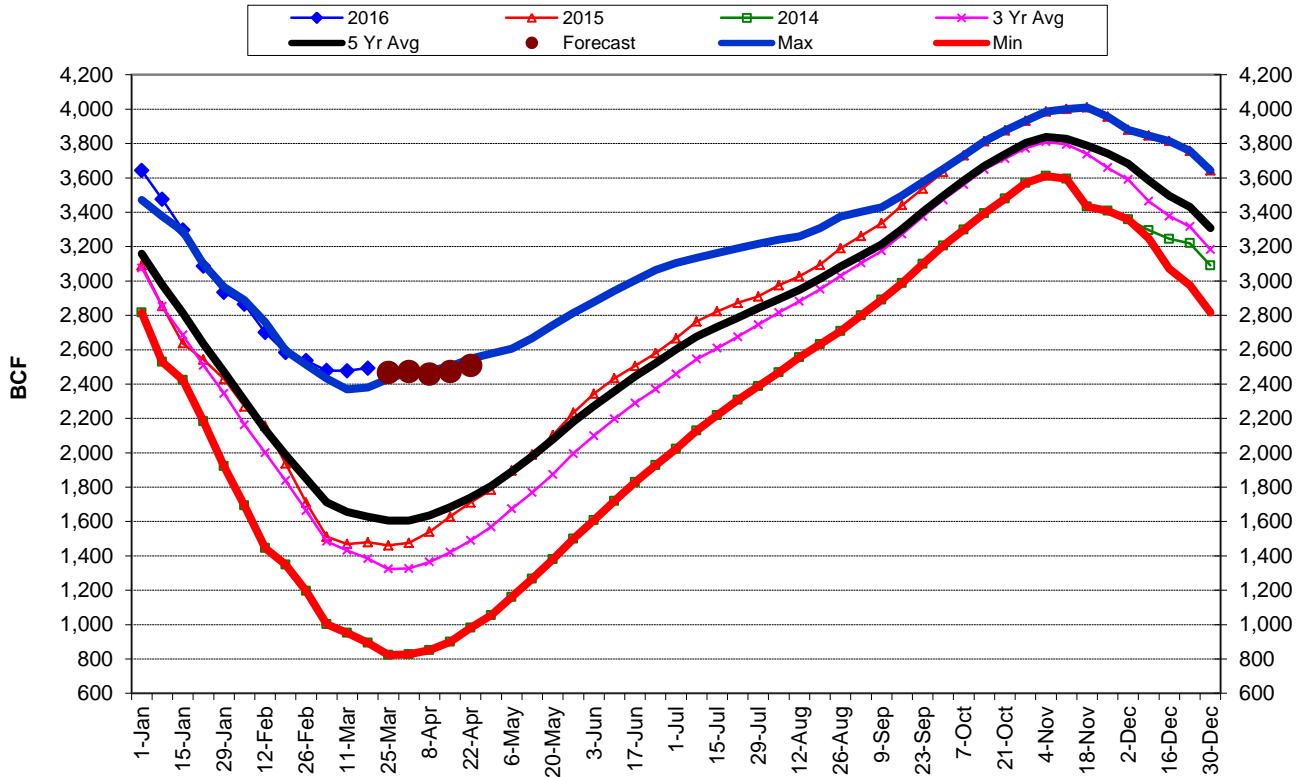
## \$/MMBtu Ratio of NYMEX CL and NG



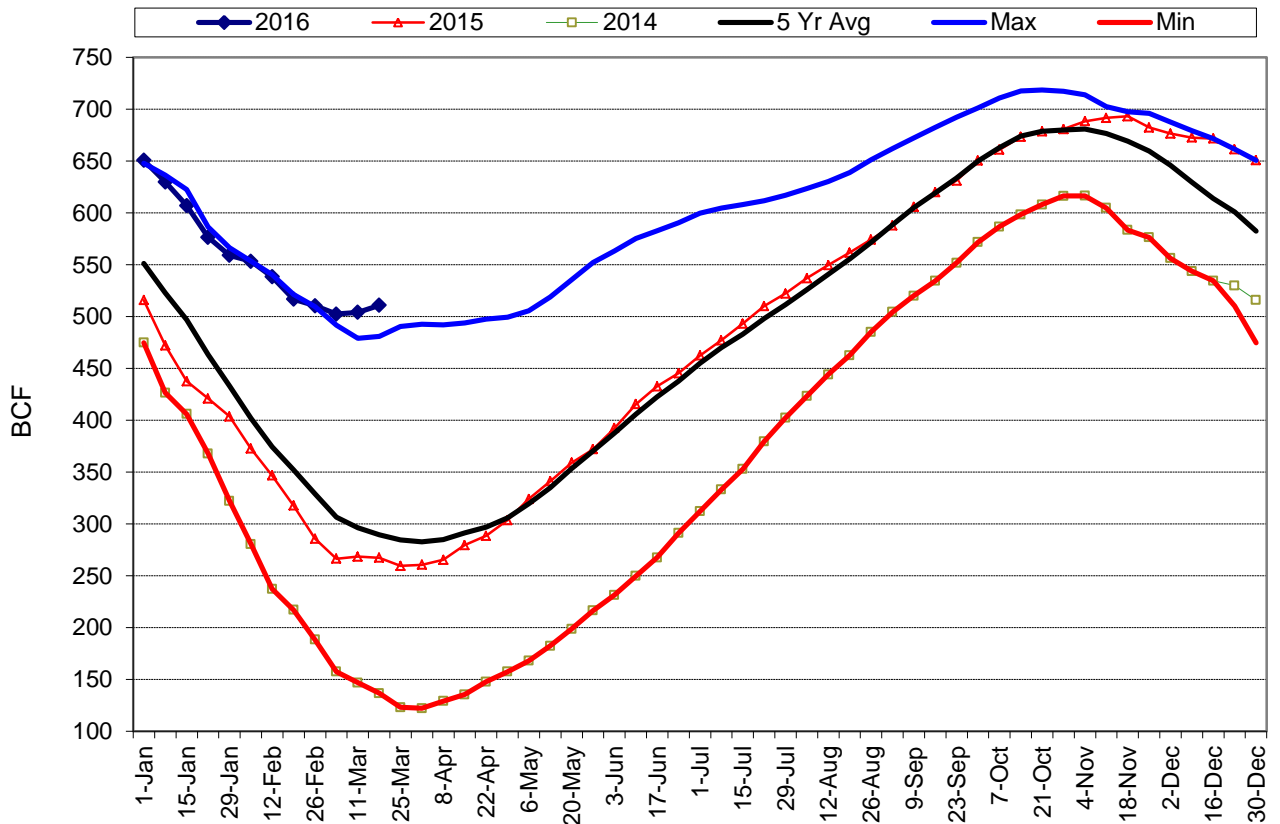
## NYMEX Calendar Strips



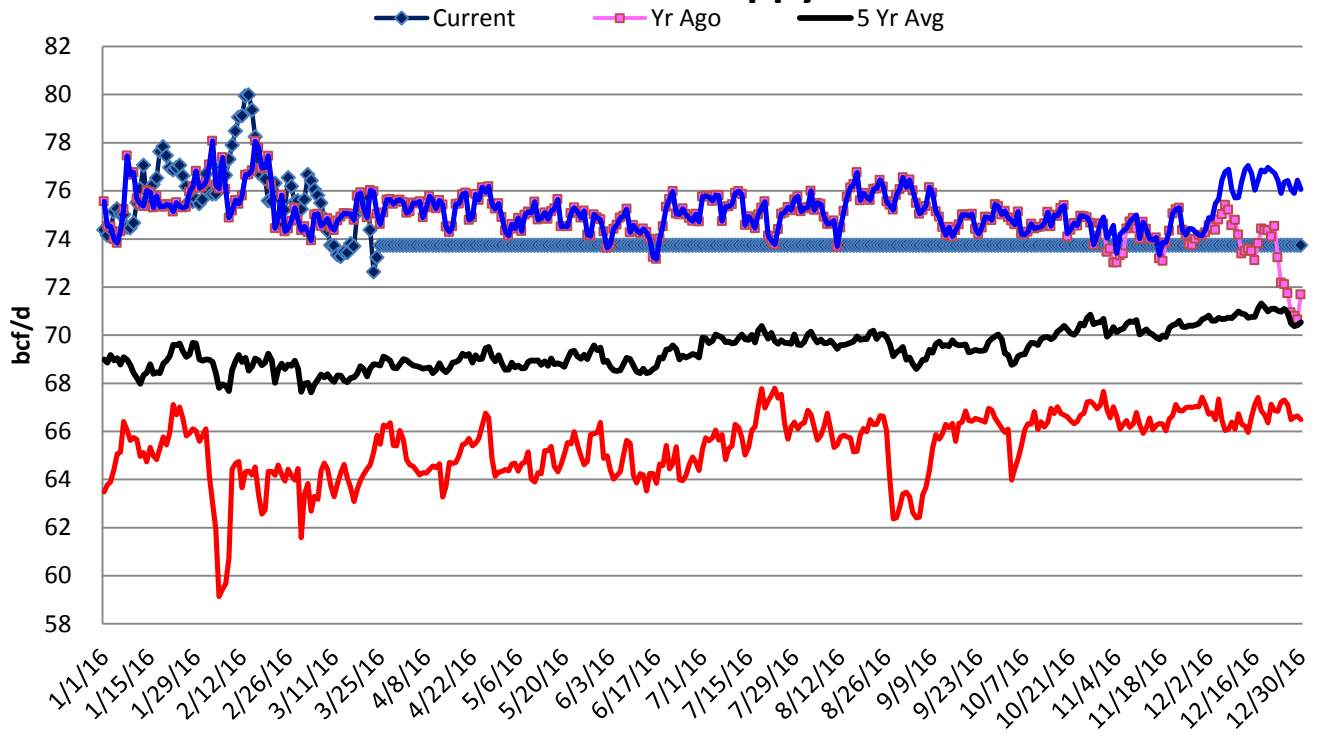
## US Total Working Gas Storage - Source - EIA



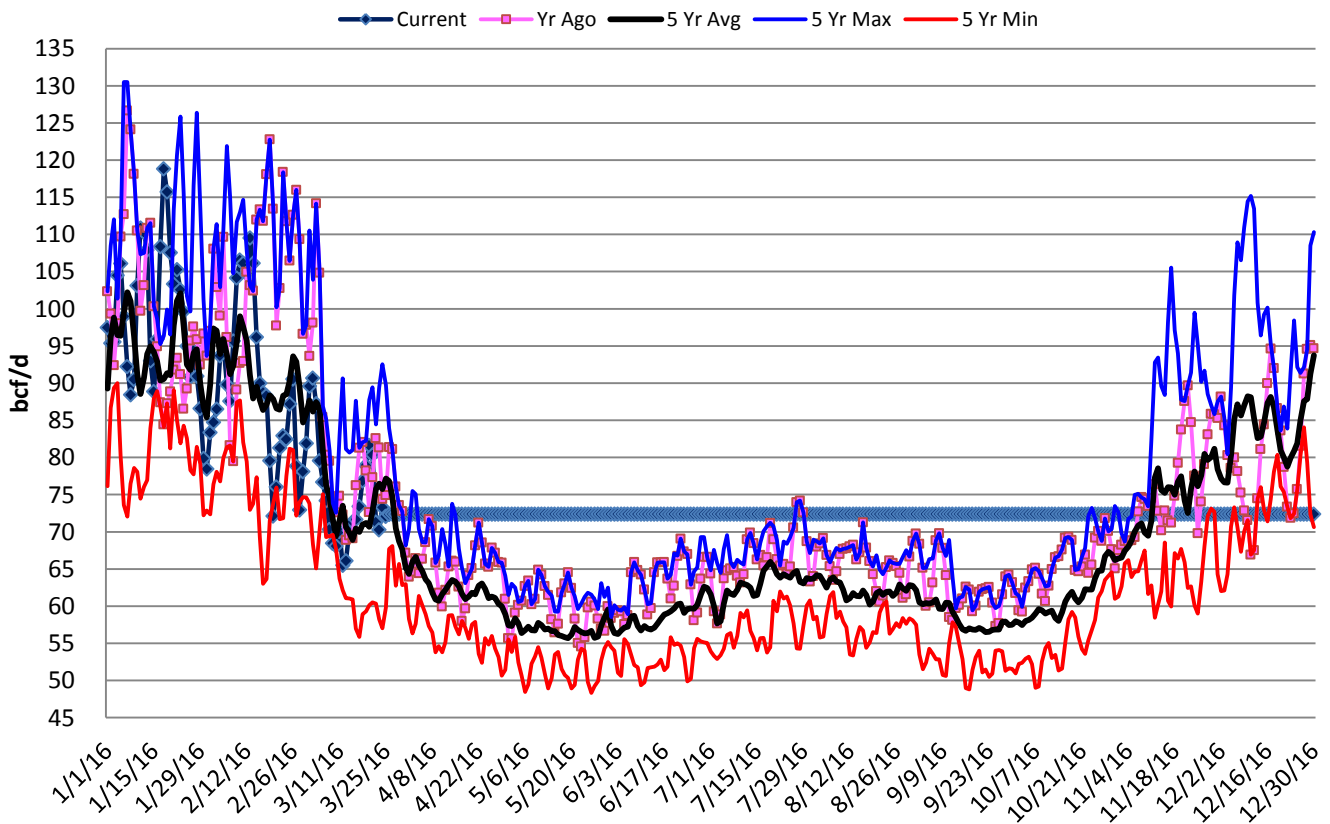
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



## **ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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