



## 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 July contract rose 3.9 cents (1.9%) to \$2.662 on a 17.2 cent range.

**Price Outlook:** Prices edged up to a new high before sliding at the end of the week. Although extremely hot temperatures are still forecast this week, any moderation in those forecasts may result in a bit of a pullback. CFTC data indicated the managed money net long position increased to the largest net long position since December 2, 2014 as new buying added to the net length. The short position also rose. Total open interest rose to 3.671 million as of June 21. Aggregated CME futures open interest fell 1.044 million as of June 24.

**Weekly Storage:** US working gas storage for the week ending June 17 indicated a net injection of +62 bcf to 3,103 bcf. Current inventories rise 597 bcf (23.8%) above last year while surpassing the 5 year average by 676 bcf (27.9%).

**Storage Outlook:** We would note that a reported large change on SoCal's system is likely to result in a 4-5 bcf revision in the Pacific Region this week. This week's storage change was again mathematically smaller than last year's +72 bcf build and also fell short of the 5 year average injection of +86 bcf. The upcoming storage change will compare against last year's +73 bcf injection and a 5 year average injection of +81 bcf. Thus both the yearly and 5 year average storage surpluses will contract at a hefty pace.

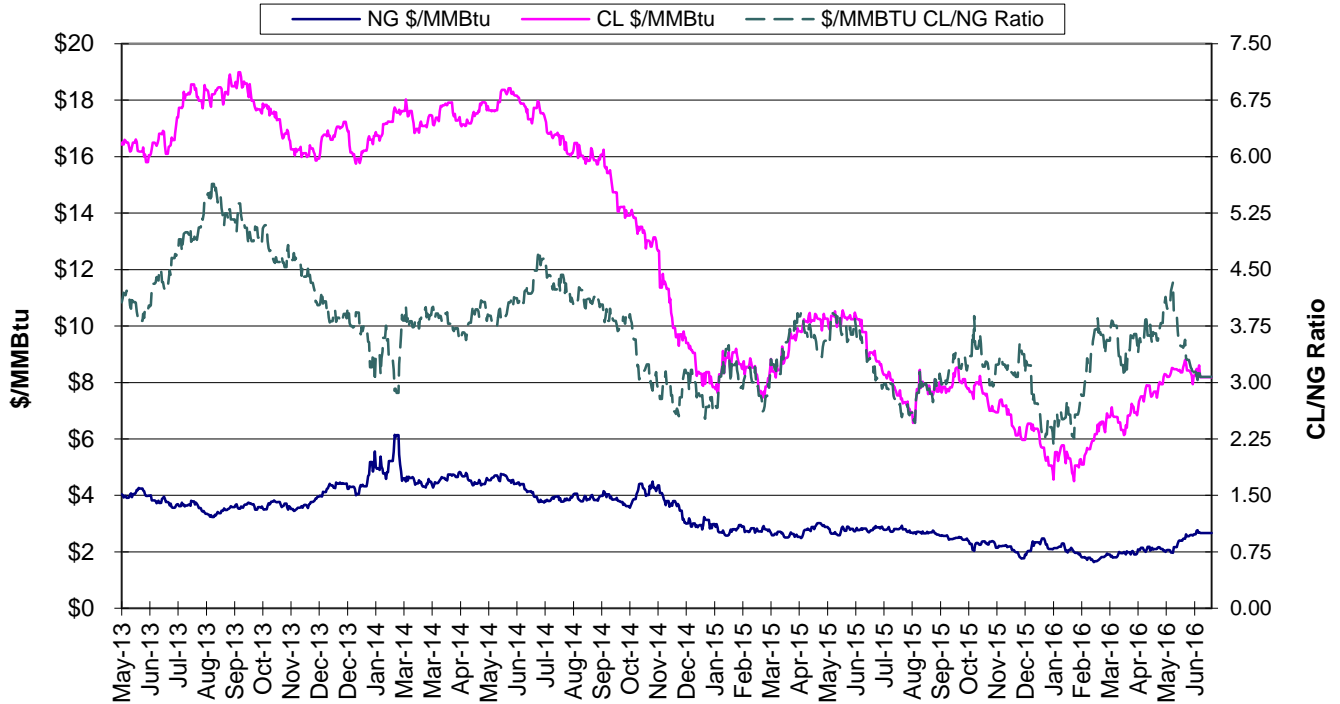
**Supply Trends:** Total supply rose +0.5 bcf/d to 74.3 bcf/d. Canadian imports rose and Mexican exports fell. US production and LNG imports were unchanged. The US Baker Hughes rig count fell 3 as oil slipped while natural gas activity increased. The total US rig count now stands at 421. The Canadian rig count rose 7 and now stands at 75. Thus, the total North American rig count rose 4 to 496 and now trails last year by 498, which is down from the record 1,441 yearly deficit recorded on December 11, 2015. The higher efficiency US horizontal rig count fell 1 to 325 and falls 329 below last year.

**Demand Trends:** Total demand rose +1.9 bcf/d to 64.0 bcf/d. Power and industrial demand rose while R&C fell. Electricity demand rose 3,848 gigawatt-hrs to 84,925 which trails last year by 45 (0.1%) and exceeds the 5 year average by 2,050 (2.5%).

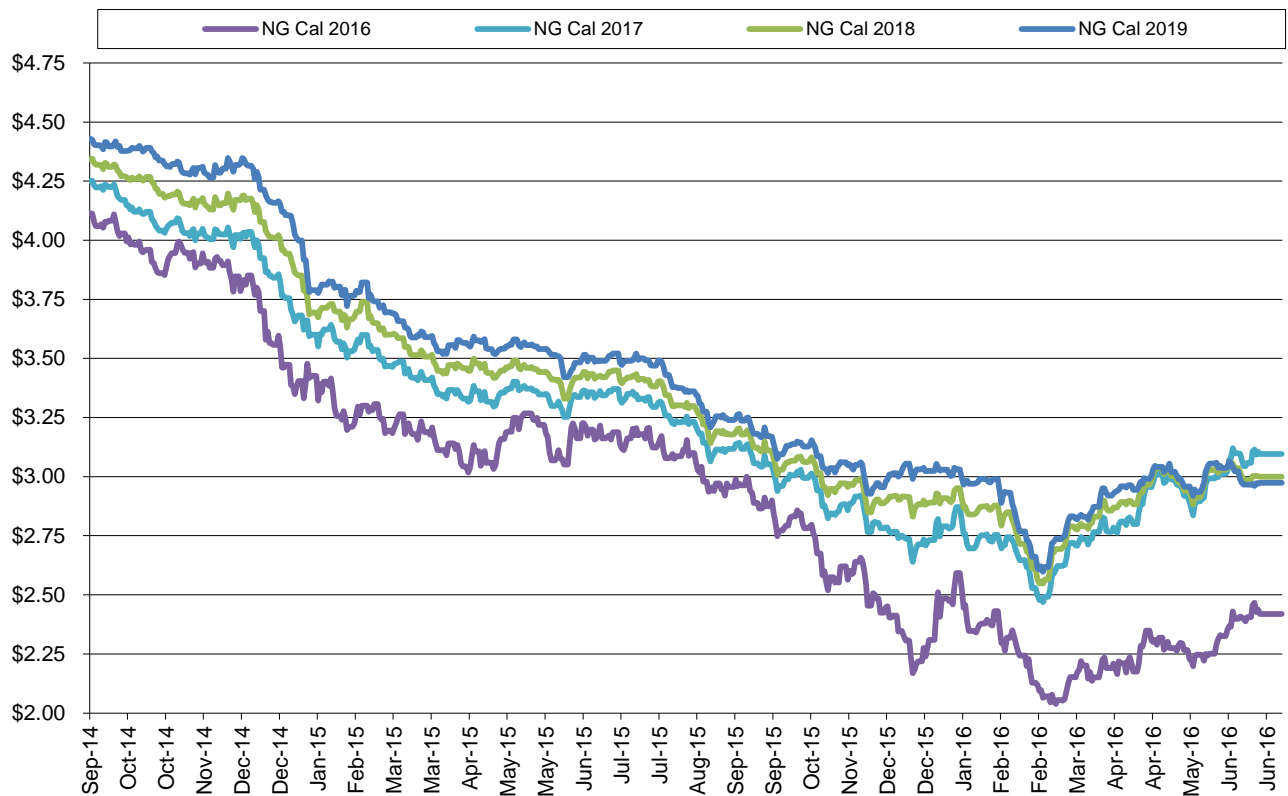
**Other Factors:** Nuclear generation fell 1,558 MW in the reference week to 91,295 MW. This is 1,995 MW lower than last year and 414 MW lower than the 5 year average. Recent output has fallen to just over 90,000 MW.

- The 2016 cooling season has begun. With a forecast through July 8 the 2016 total cooling index is at 1,666 compared to 1,281 for 2015, 1,163 for 2014, 1,637 for 2013, 3,012 for 2012 and 1,817 for 2011. The heat is primarily concentrated in the West.

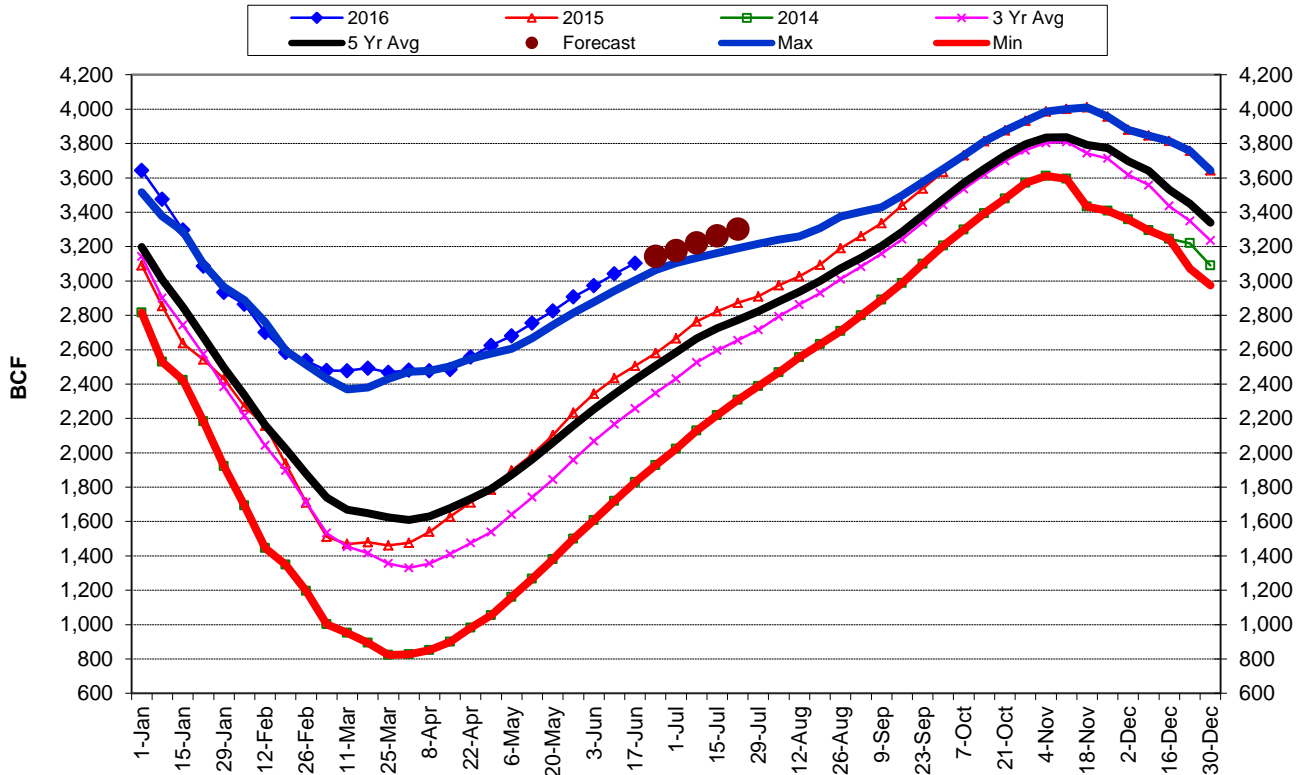
## \$/MMBtu Ratio of NYMEX CL and NG



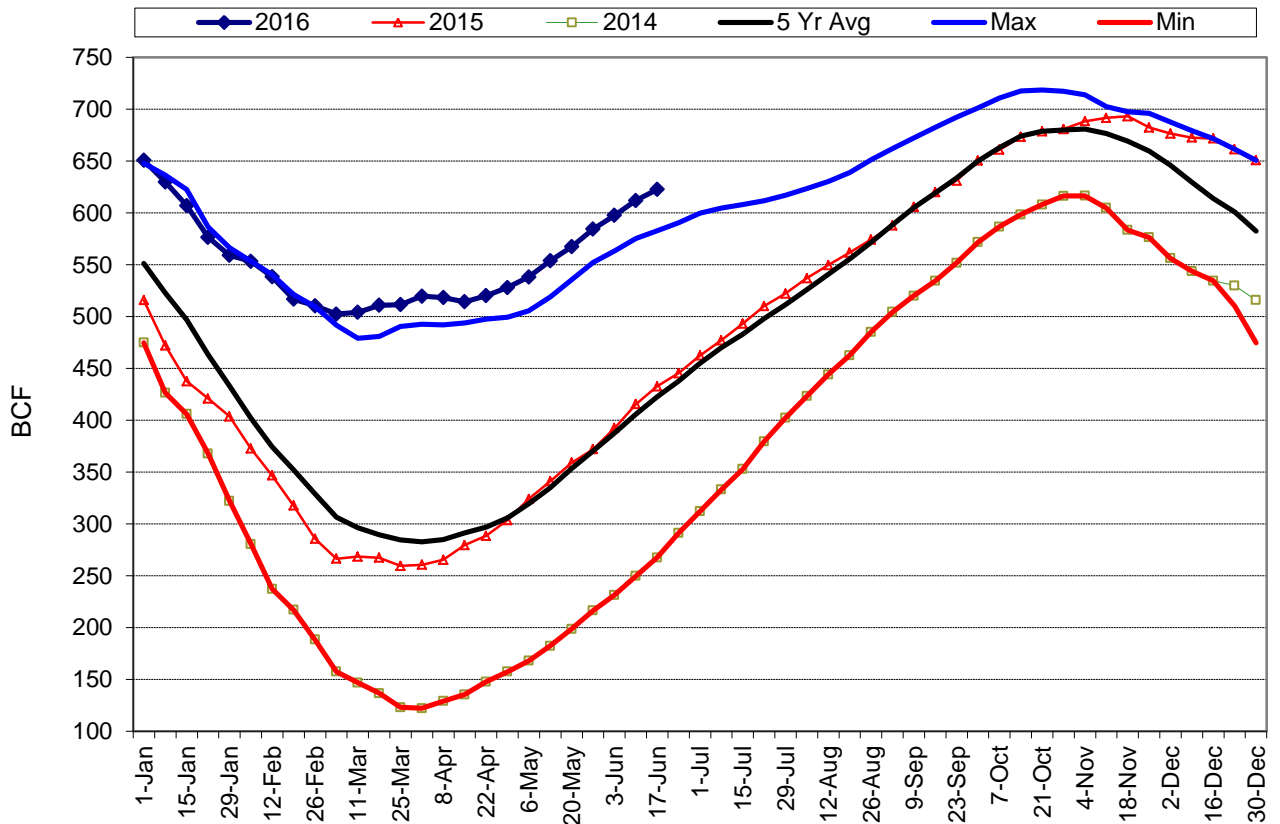
## NYMEX Calendar Strips



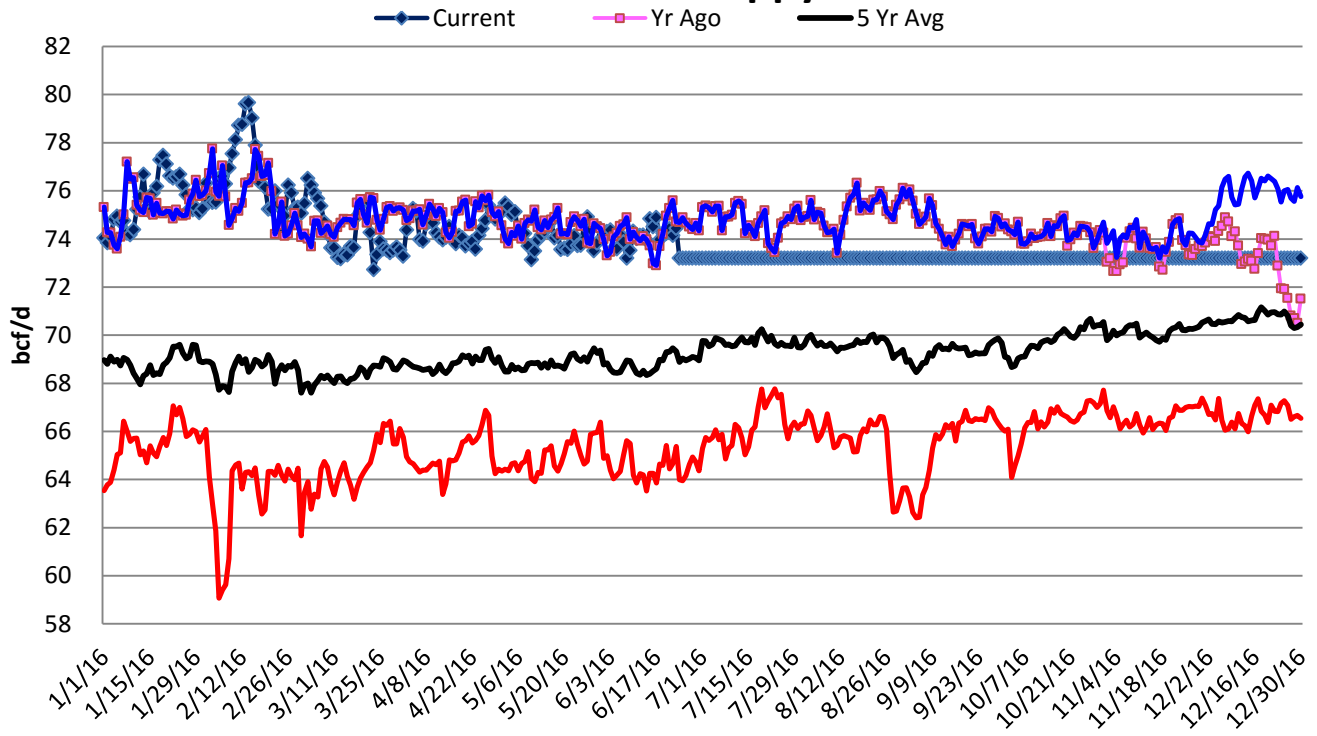
## US Total Working Gas Storage - Source - EIA



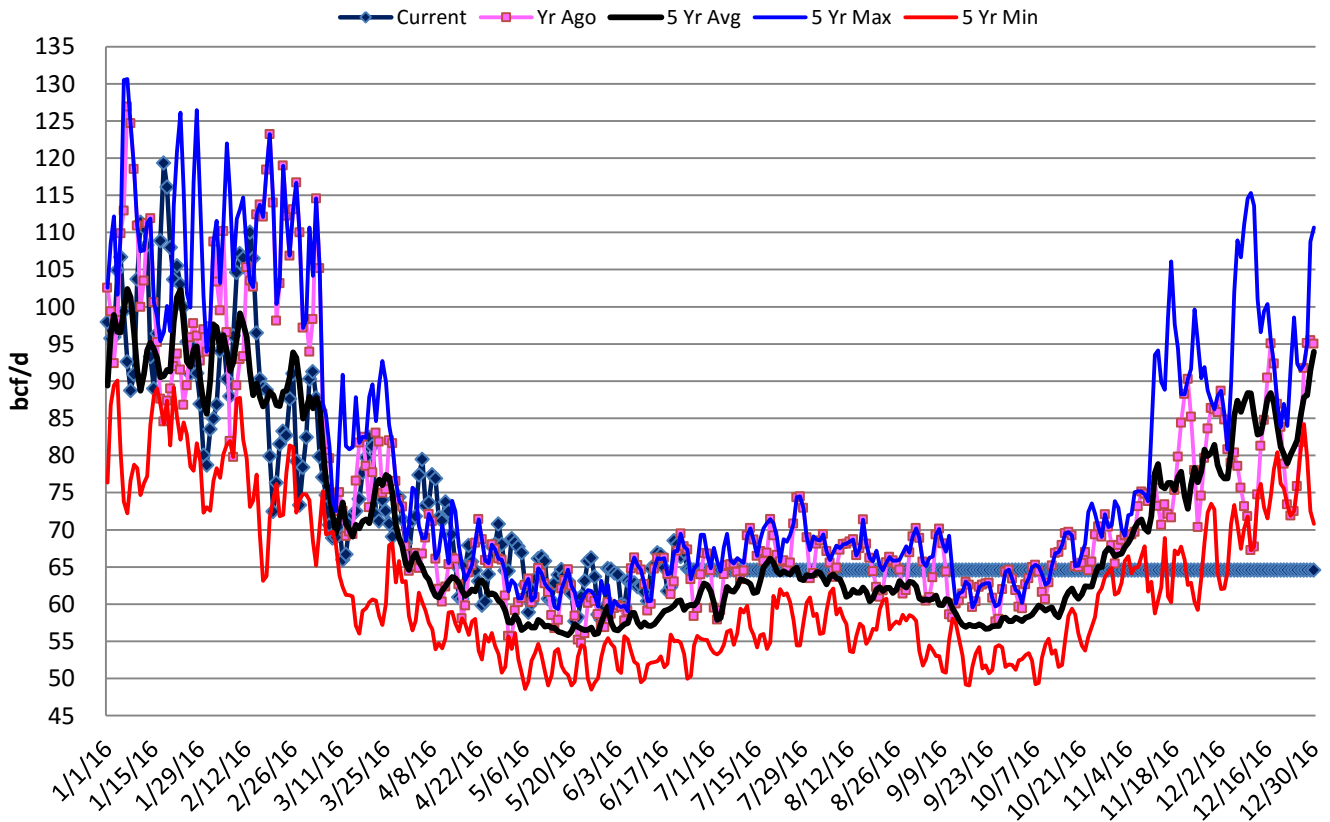
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



## **ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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