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*Week Ending May 12, 2017*

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

**Price Action:** The June contract rose 15.8 cent (4.8%) to \$3.424 on a 29.1 cent range.

**Price Outlook:** Weakness early in the week barely established a new weekly low and late strength pushed to a new high as well, thus posting both a new high and low, exhibiting the traditional high volatility of natural gas. With a bullish technical picture and likely supportive storage reports, prices seem more likely to post another new high next week. CFTC data indicated another rise in the managed money net long position as longs added while more shorts liquidated. This is largest net long position since April 29, 2014. The short position is incredibly small. Total open interest rose to 3.926 million as of May 9. Aggregated CME futures open interest rose to 1.576 million as of May 12. The June \$3.50 call is the highest open interest option followed by the June \$3.00 put. The June \$4.00 call is in 3rd.

**Weekly Storage:** US working gas storage for the week ending May 5 indicated a working gas storage injection of 45 bcf. Working gas inventories rose to 2,301 bcf. Current inventories fall (380) bcf (14.2%) below last year while surpassing the 5-year average by 280 bcf (13.9%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 8 bcf larger than the actual EIA report and is above the upper end of our tolerance range. The 5-week summation of our error fell to 15 bcf and is within our tolerance. The EIA has reported a net implied flow of 250 bcf over the last 5 weeks compared to our estimated 235 bcf. Our forecast for early November inventories is now 3,766 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Above normal national temperatures will soon become bullish.

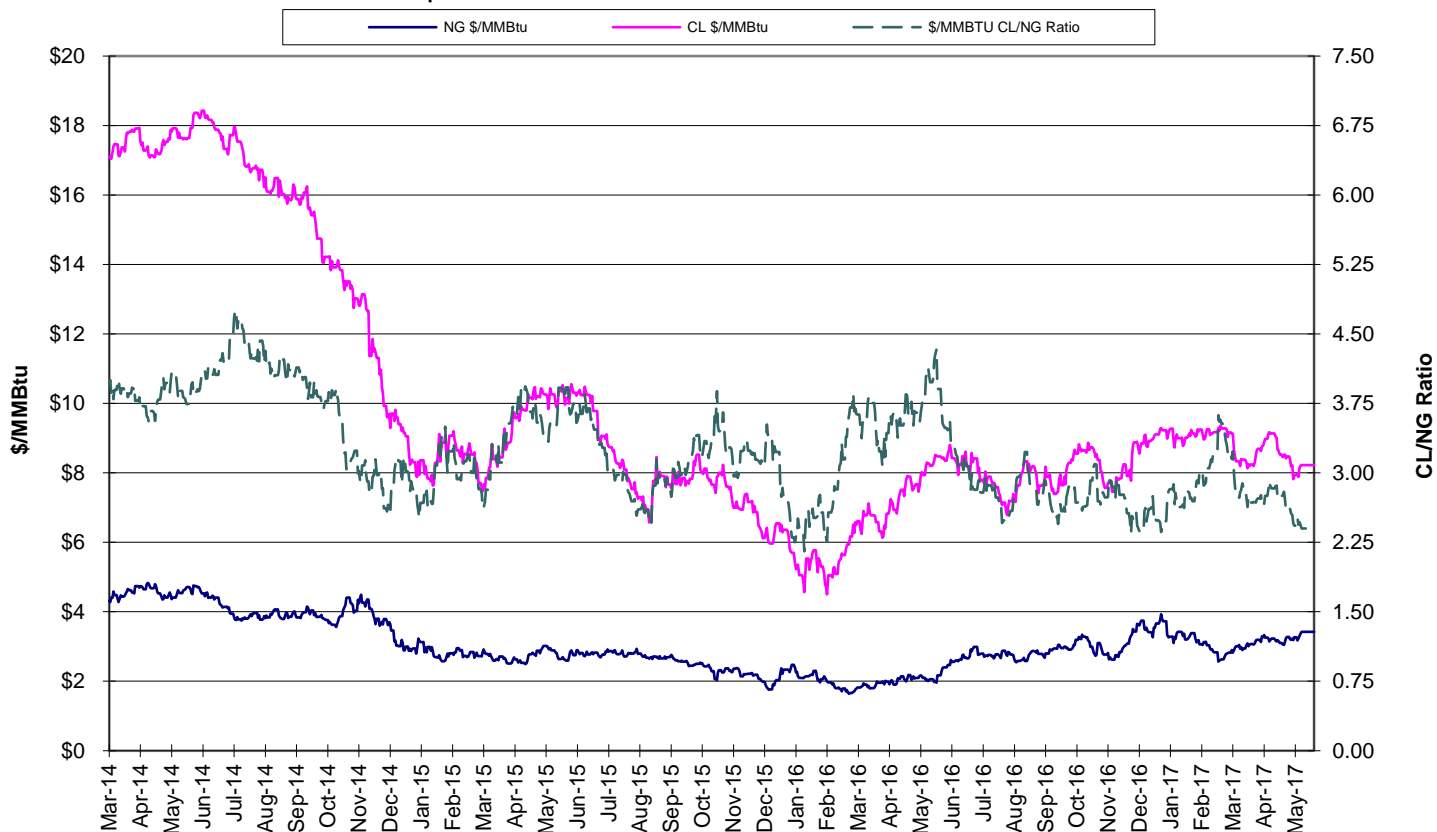
**Supply Trends:** Total supply rose +0.7 bcf/d to 71.5 bcf/d. All components were higher this week. The US Baker Hughes rig count rose 8 with oil activity higher while natural gas fell. The total US rig count now stands at 885. The Canadian rig count fell 2 to 80. Thus, the total North American rig count rose 6 to 965 and now exceeds last year by 516. The higher efficiency US horizontal rig count rose 8 to 742 and rises 427 above last year.

**Demand Trends:** Total demand rose 2.0 bcf/d to 65.2 bcf/d. Lower R&C demand was more than offset by higher power demand with industrial demand unchanged. Electricity demand fell 471 gigawatt-hrs to 69,270 which exceeds last year by 1,527 (2.3%) while trailing the 5-year average by (872) (1.2%).

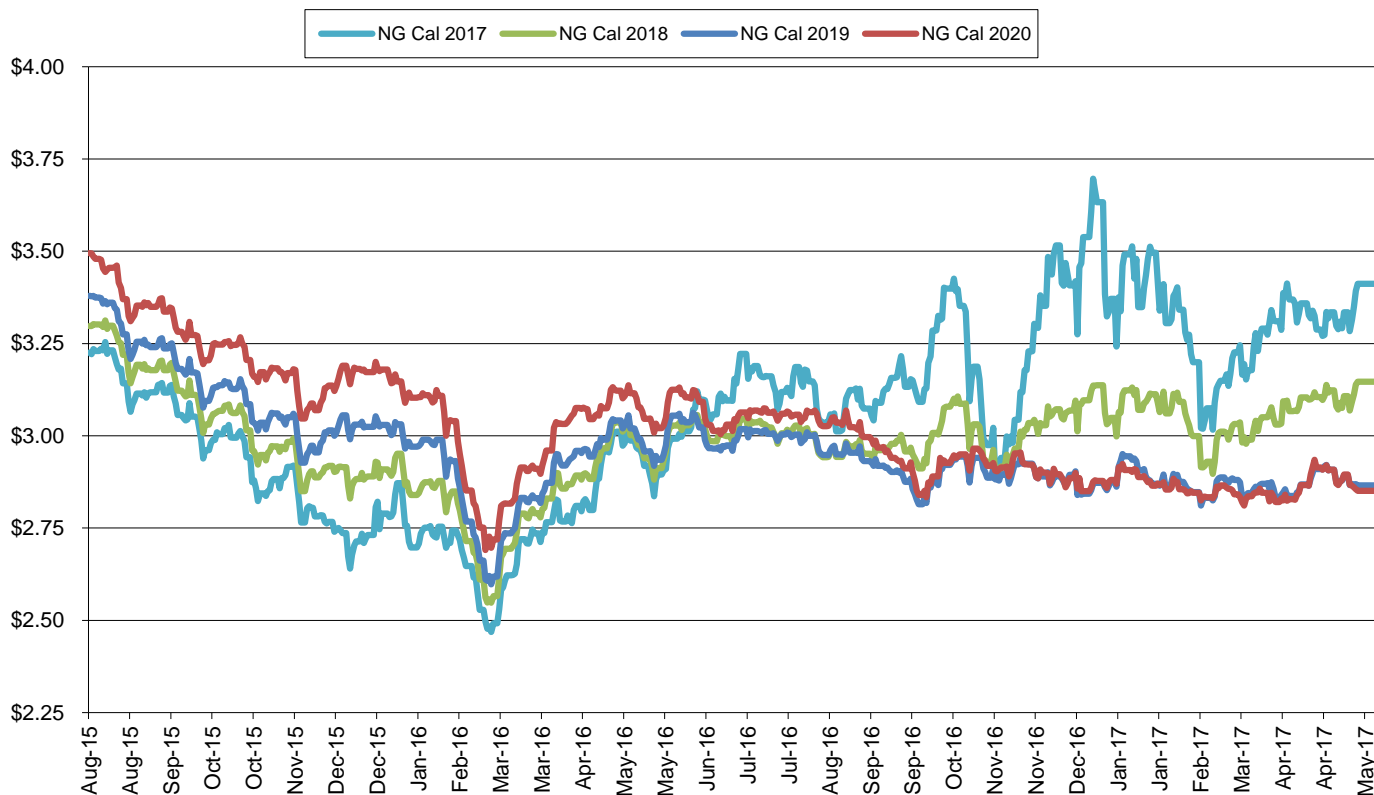
**Nuclear Generation:** Nuclear generation fell 1,524 MW in the reference week to 73,937 MW. This is (7,438) MW lower than last year and (5,131) MW lower than the 5-year average. Recent output is near 77,000 MW.

- The cooling season is beginning. With a forecast through May 26, the 2017 total cooling index is at 46 compared to 44 for 2016, 21 for 2015, 160 for 2014, 96 for 2013 and 170 for 2012 and 57 bcf for 2011.

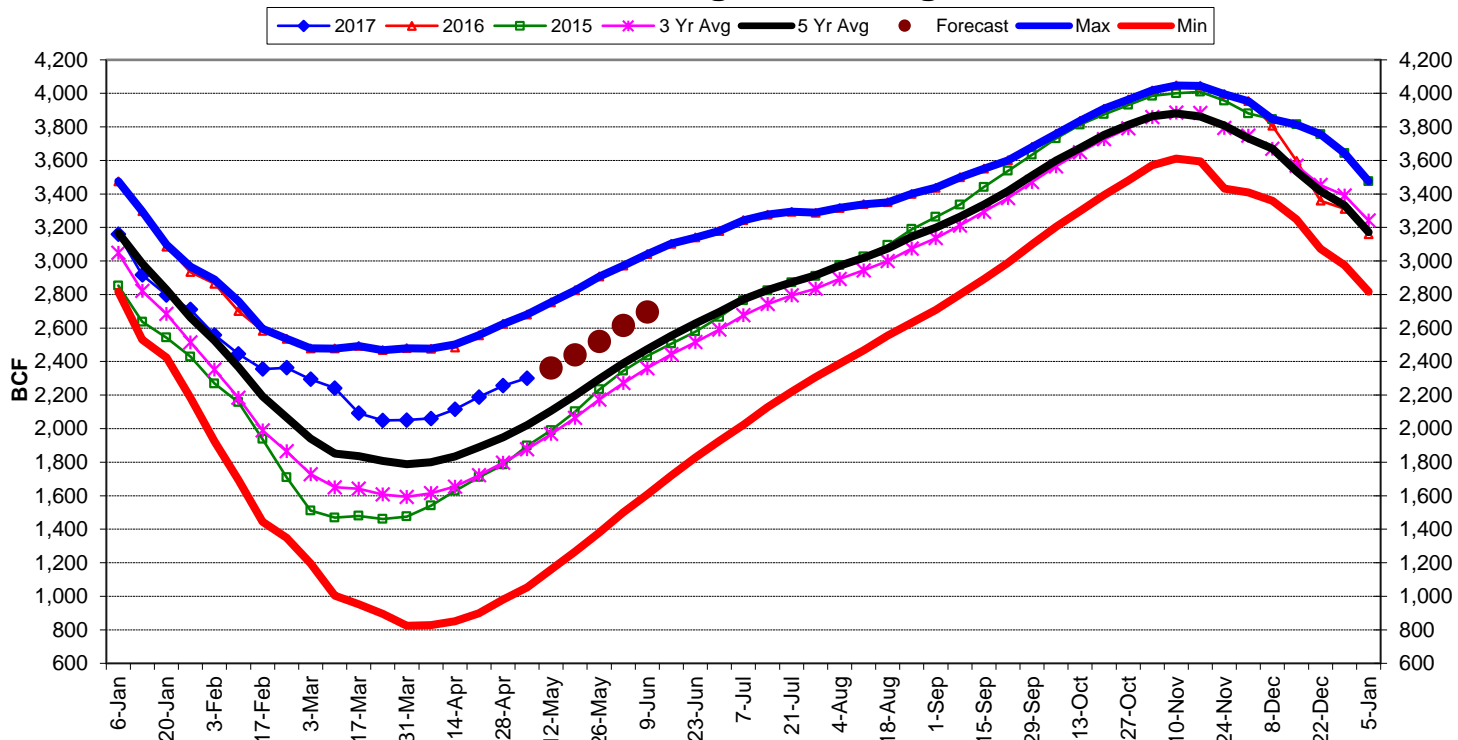
## \$/MMBtu Ratio of NYMEX CL and NG



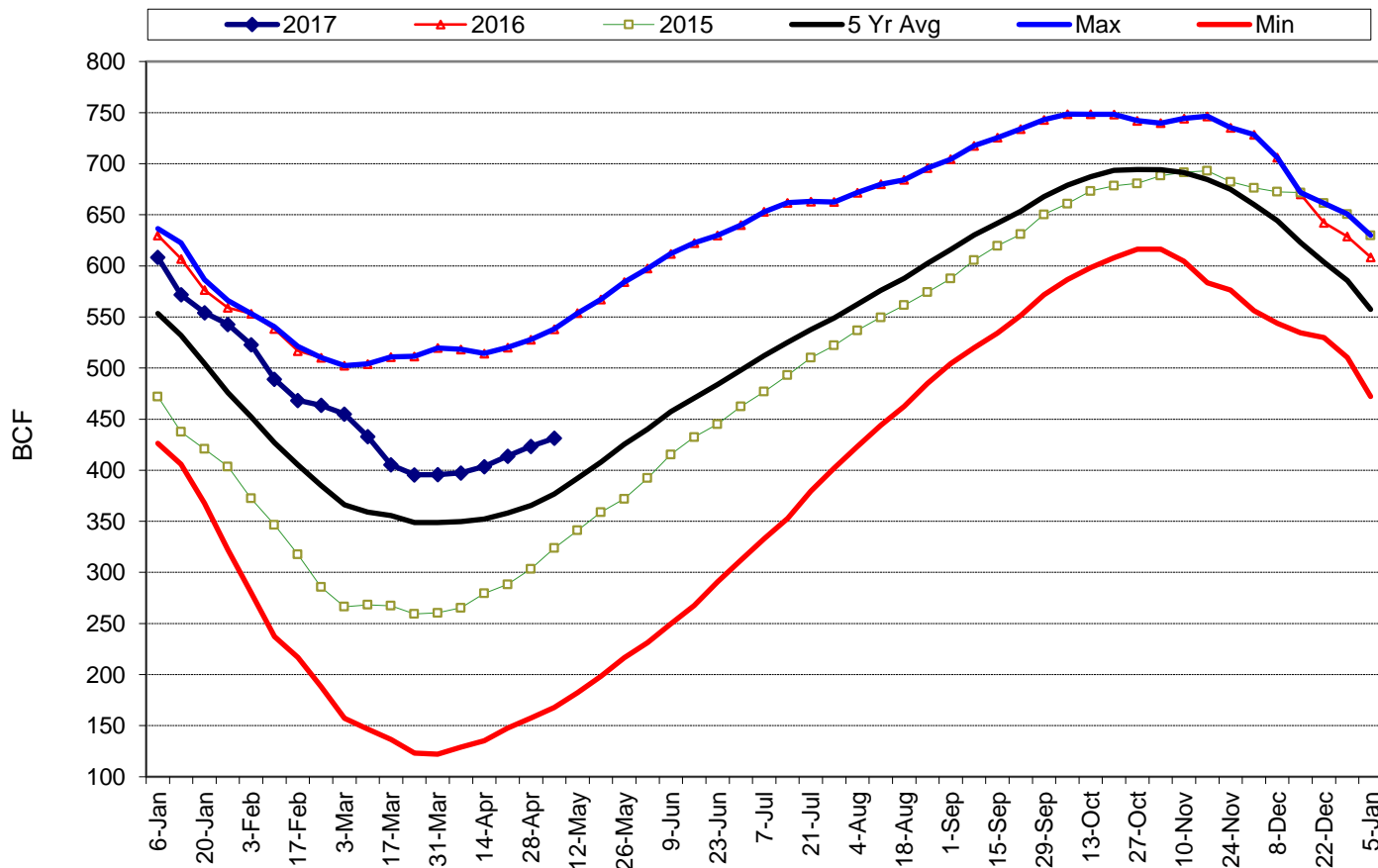
## NYMEX Calendar Strips



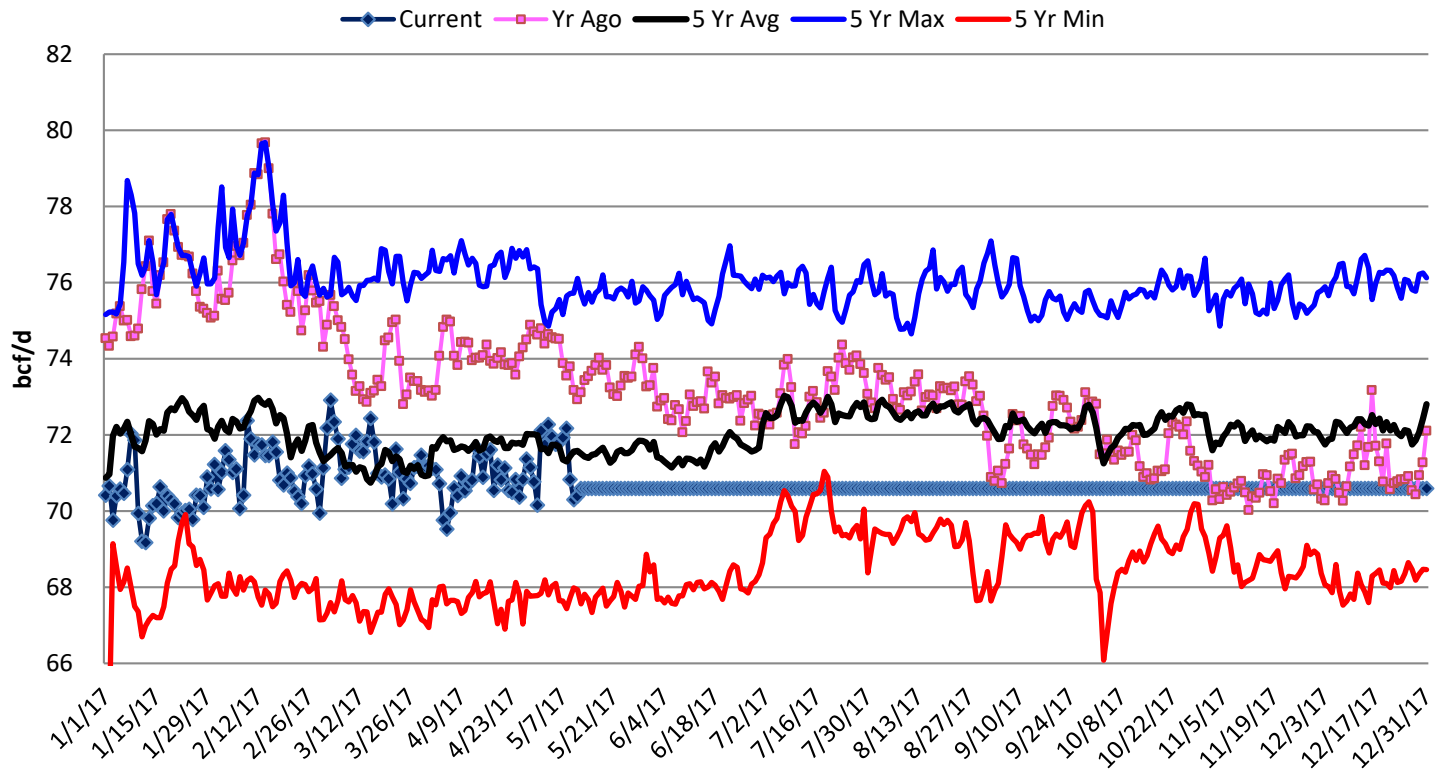
## US Total Working Gas Storage - Source - EIA



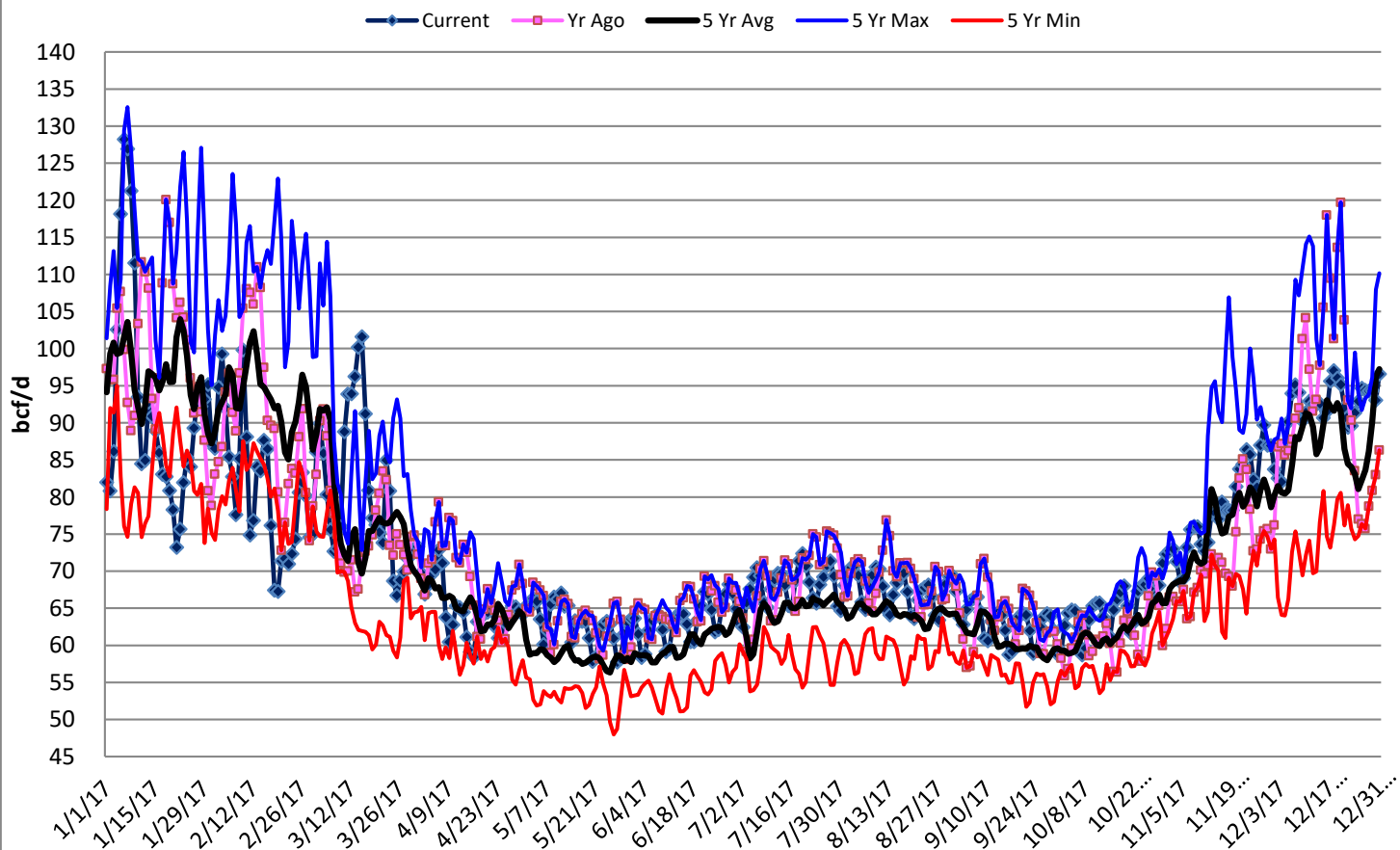
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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