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*Week Ending June 16, 2017*

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

**Price Action:** The July contract fell 0.2 cents (0.1%) to \$3.037 on a 17.1 cent range.

**Price Outlook:** The market was lower for the 4<sup>th</sup> week in a row despite the first smaller than expected EIA storage report in weeks. However, weather forecasts remain bullish with the temperatures of the current 15 day forecast warmer than the similar days in previous years. Prices remained above the psychologically important \$3 level. Temperature forecasts will become more impactful as the forecast will now reach into July and thus more significantly effect projected cooling load. CFTC data indicated another a reduction in the managed money net position as longs liquidated while shorts rose. The managed money number of shorts is now the highest since November 22, 2016. The net long position is the smallest since March 14. The August \$4.00 call is the highest open interest option followed by the July \$4.00 call. The October \$2.50 put is in 7th.

**Weekly Storage:** US working gas storage for the week ending June 9 indicated a working gas storage injection of 78 bcf. Working gas inventories rose to 2,709 bcf. Current inventories fall (332) bcf (10.9%) below last year while surpassing the 5-year average by 235 bcf (9.5%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 8 bcf larger than the actual EIA implied flow and is above the upper end of our tolerance range. This week exactly offset last week's miss and is largely considered a "catch up." The 5-week summation of our error remains at 22 bcf and is at the upper end of our tolerance. The EIA has reported a net implied flow of 412 bcf over the last 5 weeks compared to our estimated 390 bcf. Our forecast for early November inventories is now 3,784 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Above normal national temperatures are considered bullish.

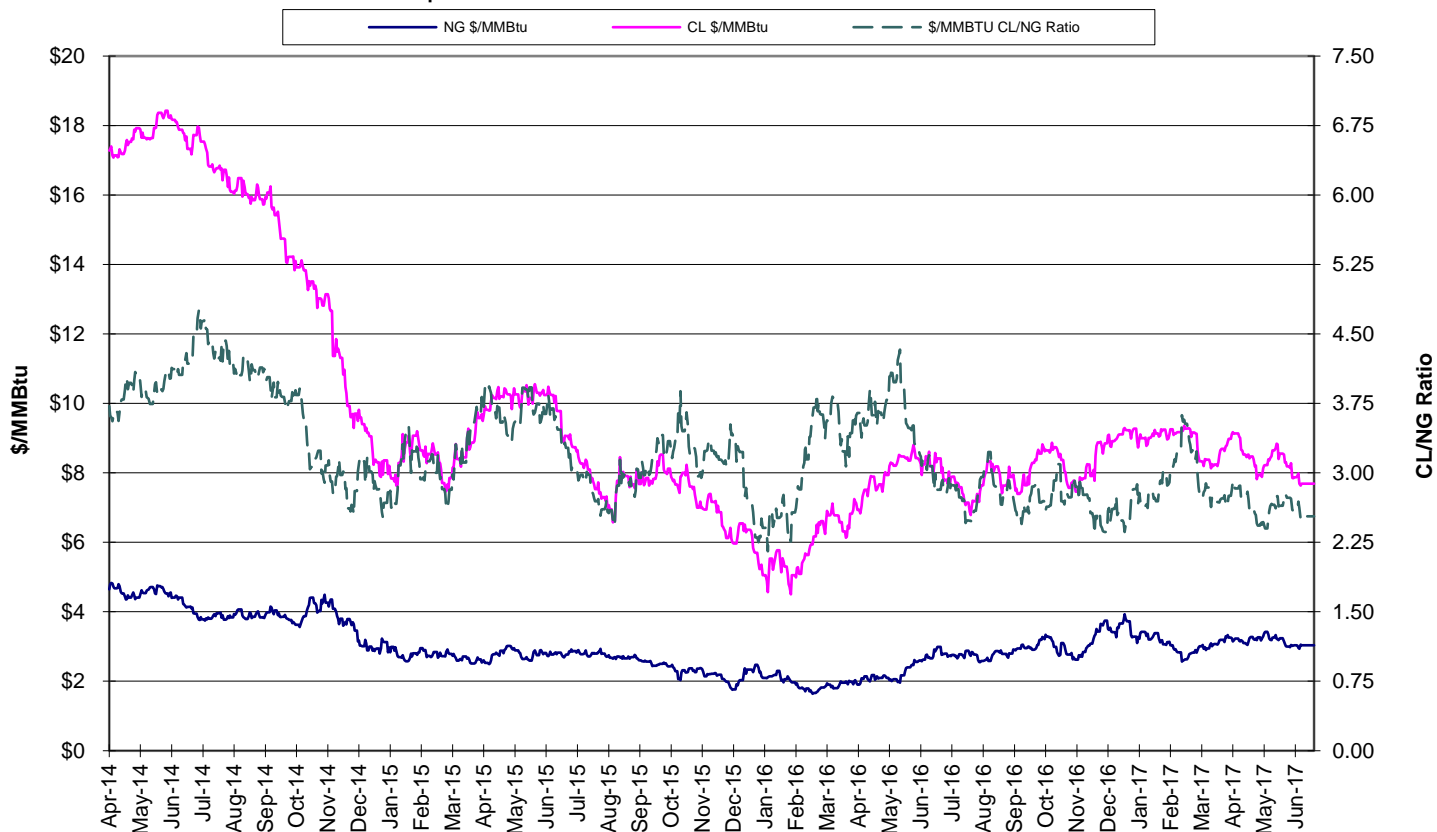
**Supply Trends:** Total supply rose 0.1 bcf/d to 71.2 bcf/d. US production, Canadian imports and LNG exports were higher. Mexican exports were lower. LNG imports were unchanged. The US Baker Hughes rig count rose 6 with both oil and natural gas activity higher. The total US rig count now stands at 933. The Canadian rig count rose 27 to 159. Thus, the total North American rig count rose 33 to 1,092 and now exceeds last year by 600. The higher efficiency US horizontal rig count rose 2 to 782 and rises 456 above last year.

**Demand Trends:** Total demand rose 2.4 bcf/d to 61.3 bcf/d. Power and industrial demand rose. R&C demand was unchanged. Electricity demand rose 2,794 gigawatt-hrs to 77,385 which trails last year by 3,692 (4.6%) and the 5-year average by 1,897 (2.4%).

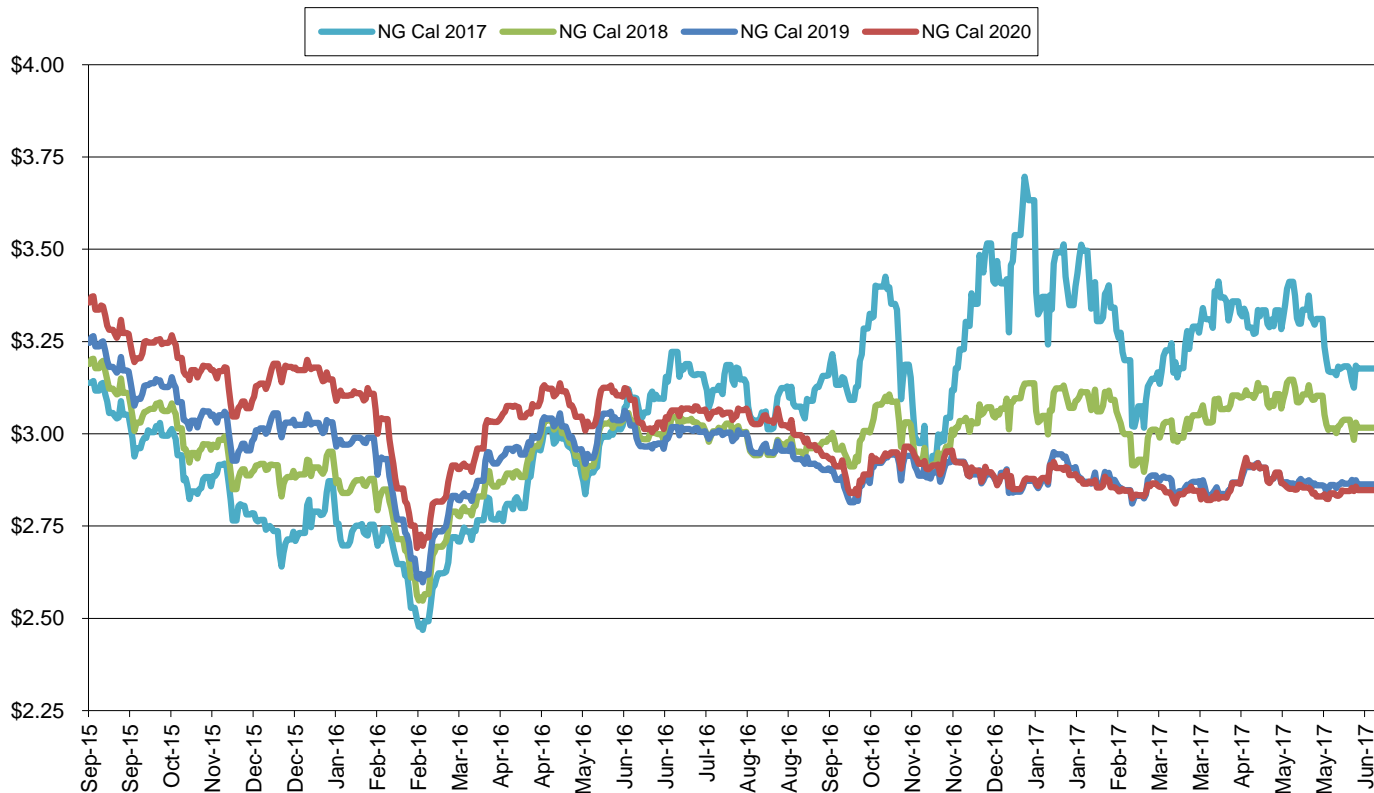
**Nuclear Generation:** Nuclear generation rose 2,602 MW in the reference week to 89,084 MW. This is (3,770) MW lower than last year and (643) MW lower than the 5-year average. Recent output was at 91,322 MW.

- The cooling season has begun. With a forecast through June 30, the 2017 total cooling index is at 1,323 compared to 1,416 for 2016, 1,051 for 2015, 805 for 2014, 1,181 for 2013, 1,882 for 2012 and 1,321 bcf for 2011.

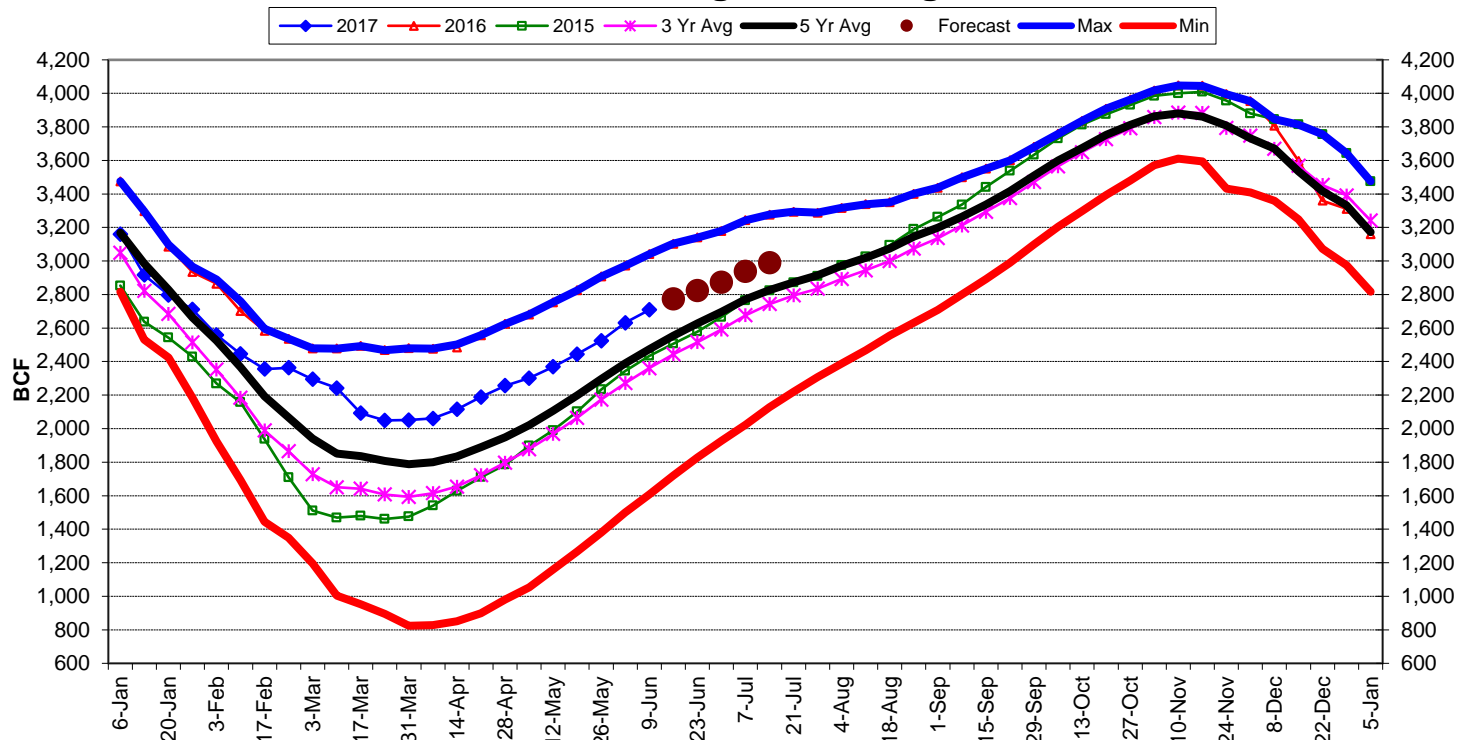
## \$/MMBtu Ratio of NYMEX CL and NG



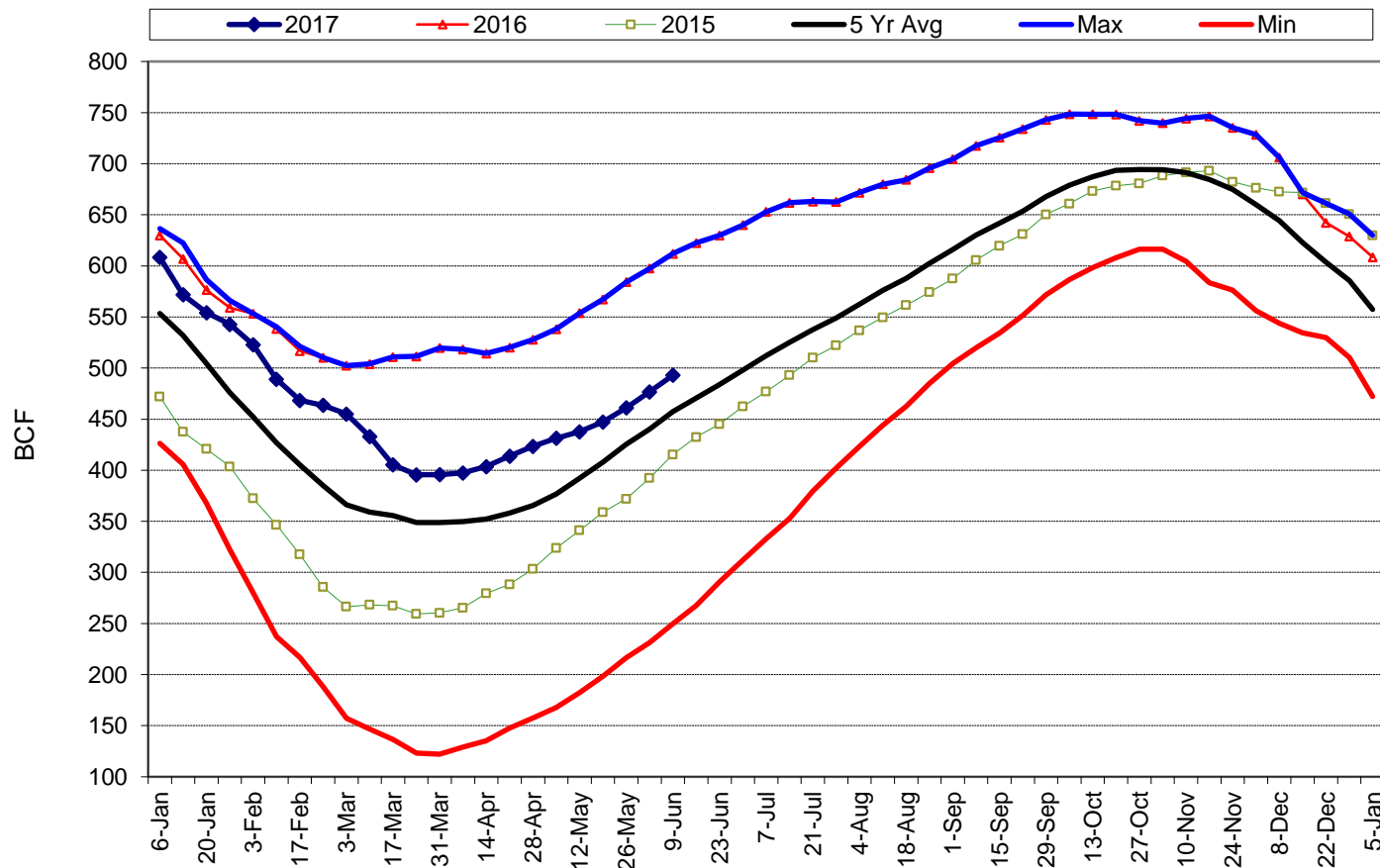
## NYMEX Calendar Strips



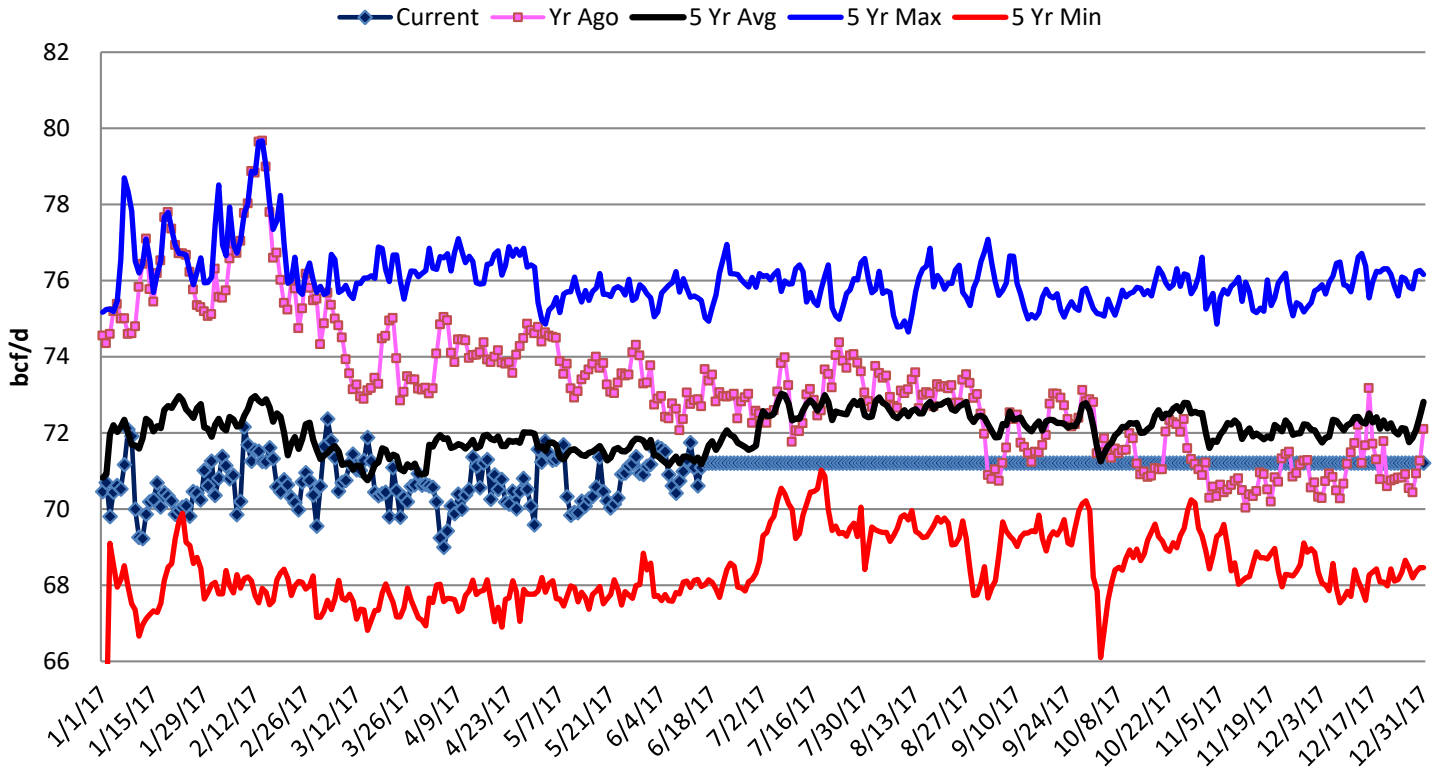
## US Total Working Gas Storage - Source - EIA



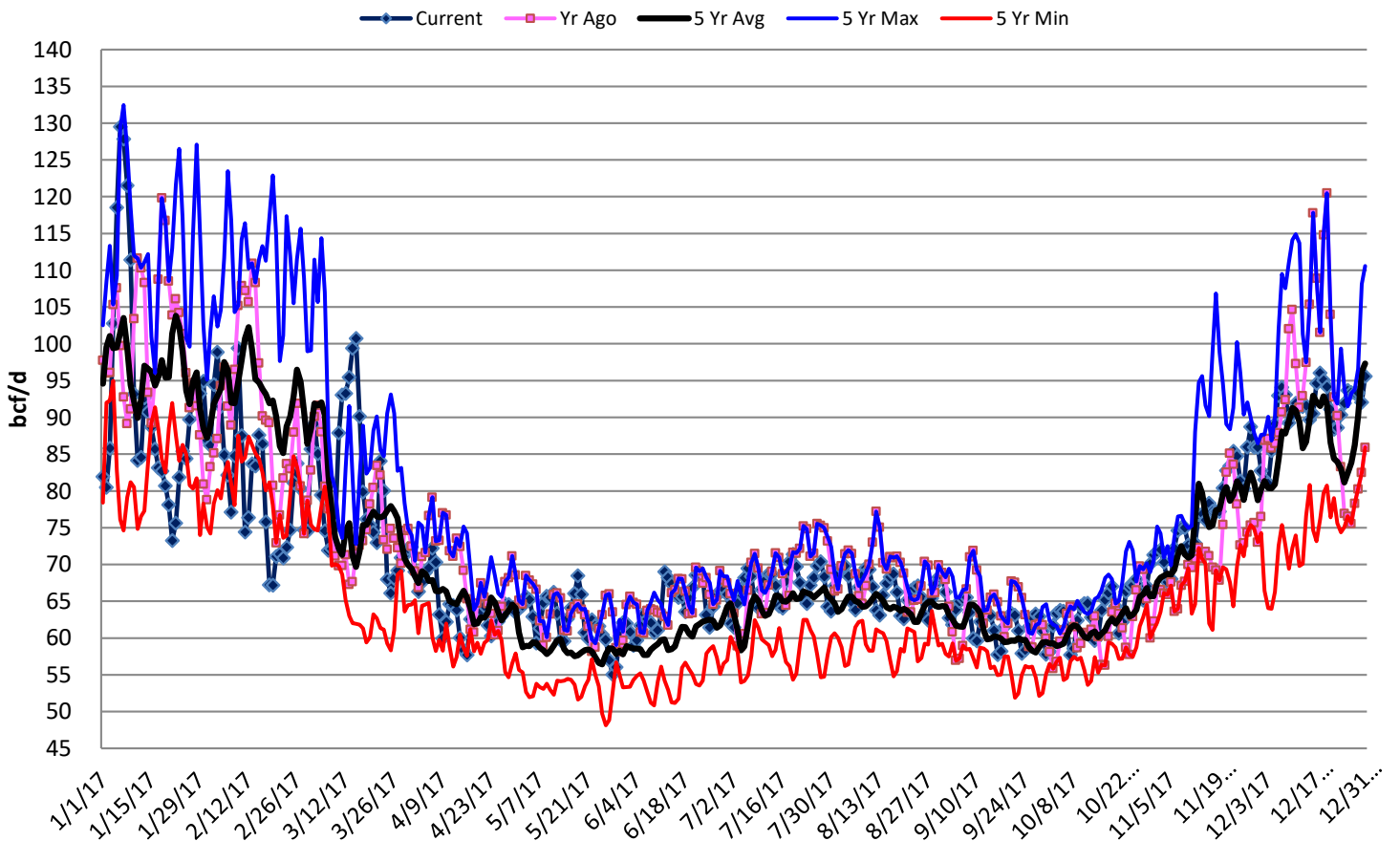
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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