

Kyle Cooper, (713) 248-3009, [Kyle.Cooper@iafadvisors.com](mailto:Kyle.Cooper@iafadvisors.com)

*Week Ending July 28, 2017*

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

**Price Action:** The August contract fell 2.0 cents (0.7%) to \$2.941 on a miniscule 10.9 cent range.

**Price Outlook:** Prices held true to historical form despite the small weekly range by trading outside the previous week's range. The market slipped as weather forecasts indicated temperatures would moderate significantly in early August. The EIA storage injection was smaller than expected and continues to highlight the extremely temperature sensitive nature of the natural gas supply/demand balance. When temperatures are warm, the balance is bullish. When temperatures are cold, the S&D balance is extremely bullish. When temperatures are moderate, the balance is bearish. This week should reduce the yearly storage deficit while shrinking the surplus to the 5-year average. CFTC data indicated a decrease in the managed money net long position as shorts increased more than longs. Total open interest fell to 3.682 million as of July 25. Aggregated CME futures open interest fell to 1.318 million as of July 28. Open interest in the October \$4.00 call fell 3,069 to 78,094. Open interest in the September \$4.00 call rose 37 to 67,766. Open interest in the October \$2.50 put fell 1,152 to 67,369.

**Weekly Storage:** US working gas storage for the week ending July 21 indicated a working gas storage injection of 17 bcf. Working gas inventories rose to 2,990 bcf. Current inventories fall (304) bcf (9.2%) below last year while surpassing the 5-year average by 118 bcf (4.1%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 4 bcf larger than the actual EIA implied flow and is within our tolerance range. The 5-week summation of our error rose to 9 bcf and is within our tolerance. The EIA has reported a net implied flow of 220 bcf over the last 5 weeks compared to our estimated 229 bcf. Our forecast for early November inventories is now 3,755 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Above normal national temperatures are considered bullish.

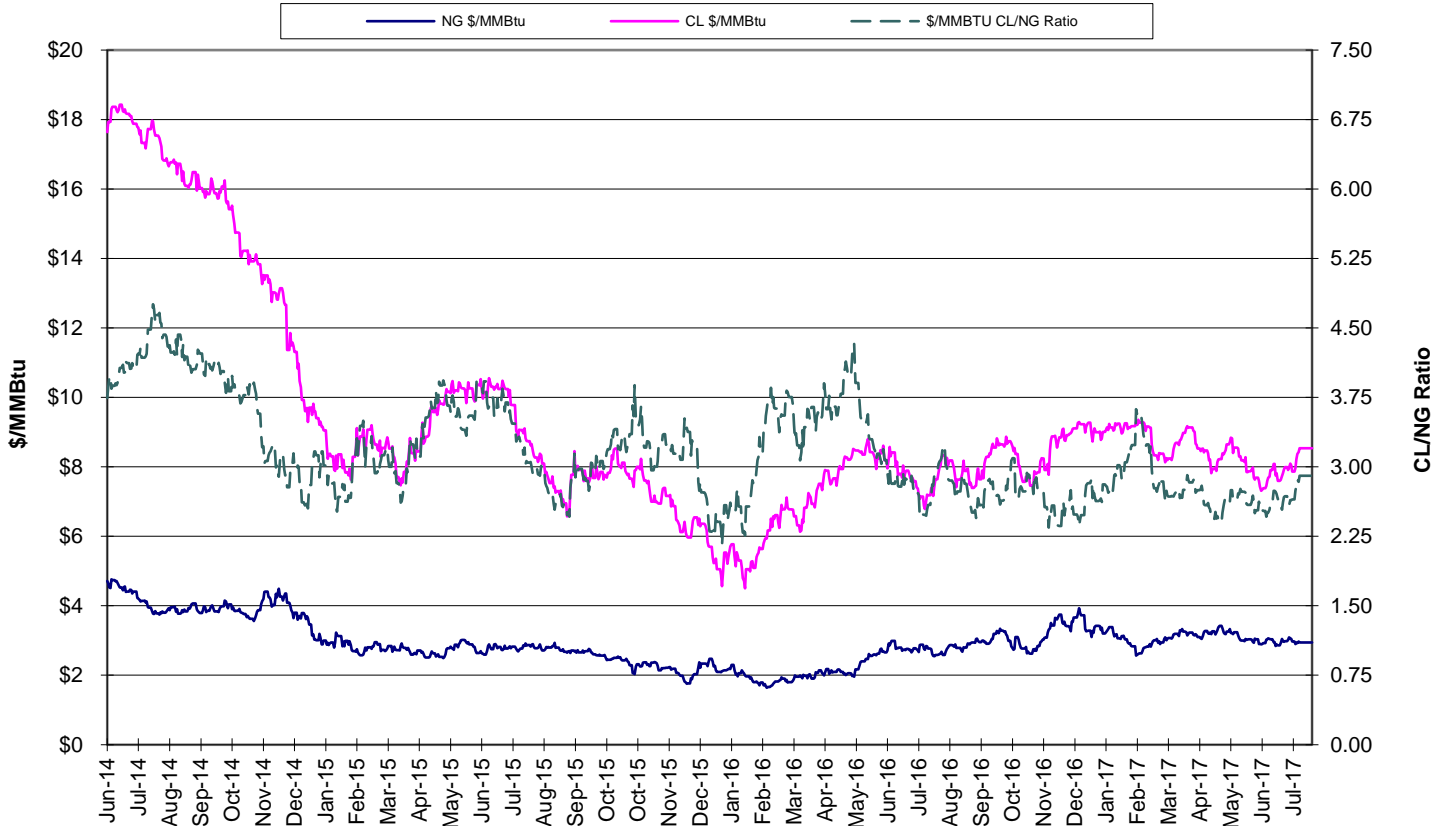
**Supply Trends:** Total supply rose 0.2 bcf/d to 72.1 bcf/d. US production rose as did Mexican exports. Other components were unchanged. The US Baker Hughes rig count rose 8 with both oil and natural gas activity higher. The total US rig count now stands at 958. The Canadian rig count rose 14 to 220. Thus, the total North American rig count rose 22 to 1,178 and now exceeds last year by 596. The higher efficiency US horizontal rig count rose 7 to 810 and rises 456 above last year.

**Demand Trends:** Total demand rose 1.1 bcf/d to 69.3 bcf/d. Higher power and R&C demand offset lower industrial consumption. Electricity demand rose 3,614 gigawatt-hrs to 94,541 which trails last year by 900 (0.9%) and exceeds the 5-year average by 2,932 (3.2%).

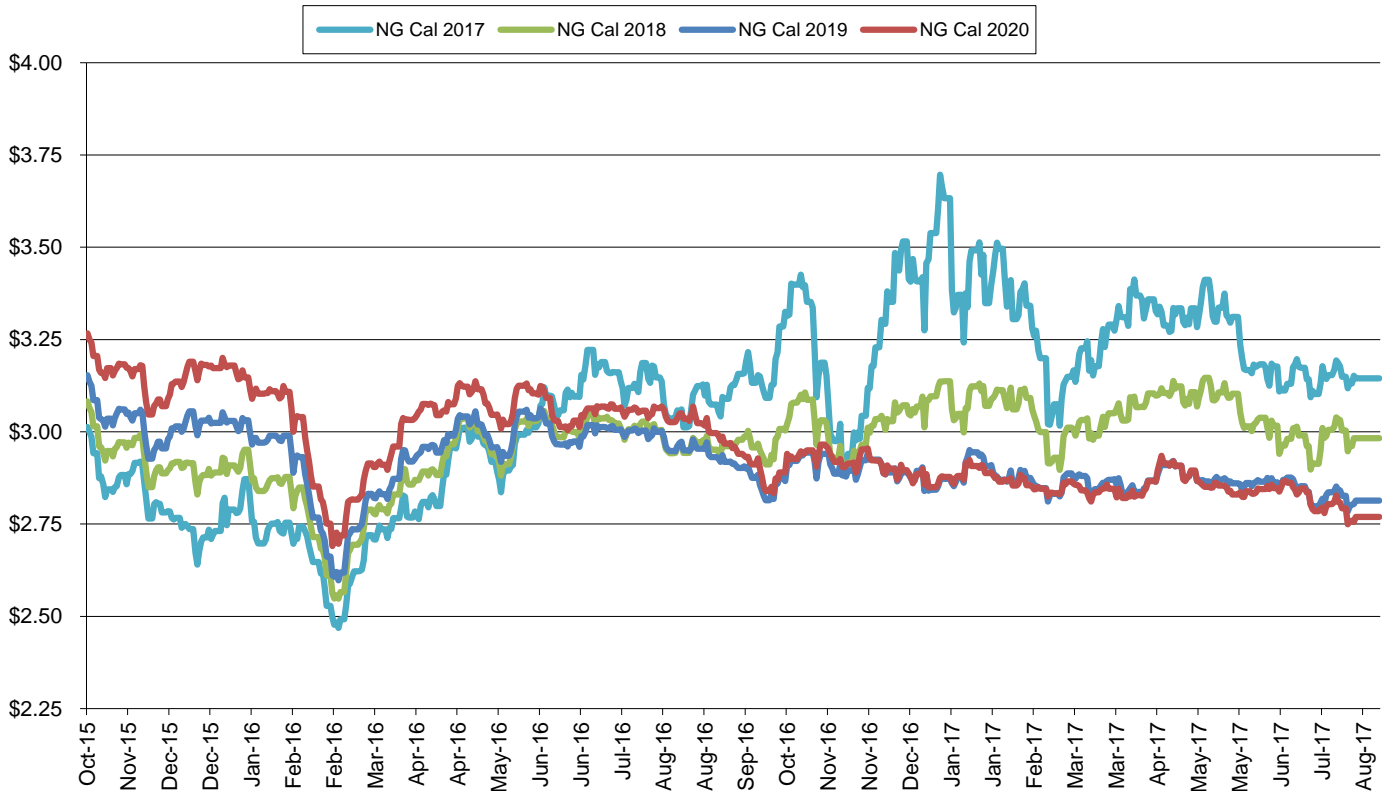
**Nuclear Generation:** Nuclear generation rose 123 MW in the reference week to 94,476 MW. This is 911 MW higher than last year and 194 MW higher than the 5-year average. Recent output was at 93,833 MW.

- The cooling season has past the halfway mark. With a forecast through August 11, the 2017 total cooling index is at 3,616 compared to 4,417 for 2016, 2,909 for 2015, 2,353 for 2014, 3,302 for 2013, 5,936 for 2012 and 4,503 for 2011.

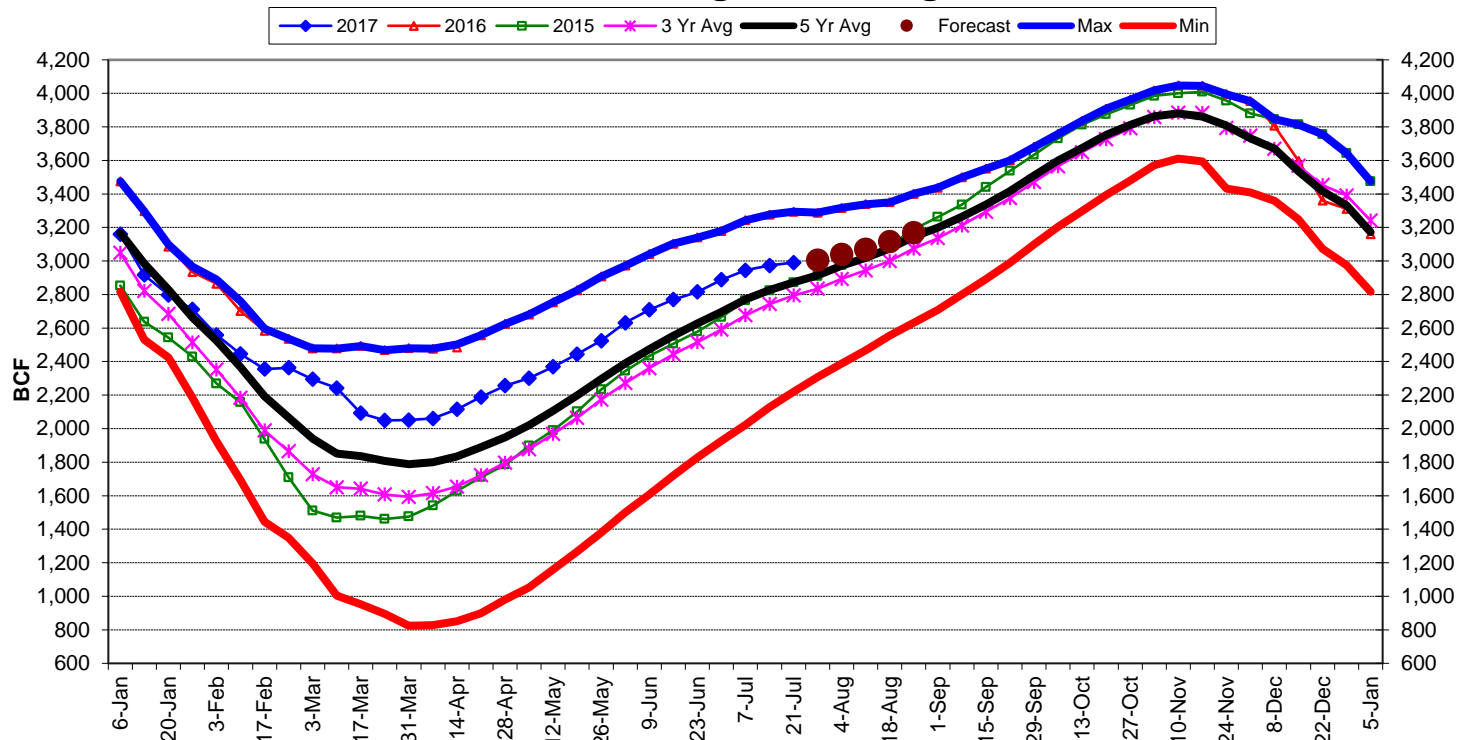
## \$/MMBtu Ratio of NYMEX CL and NG



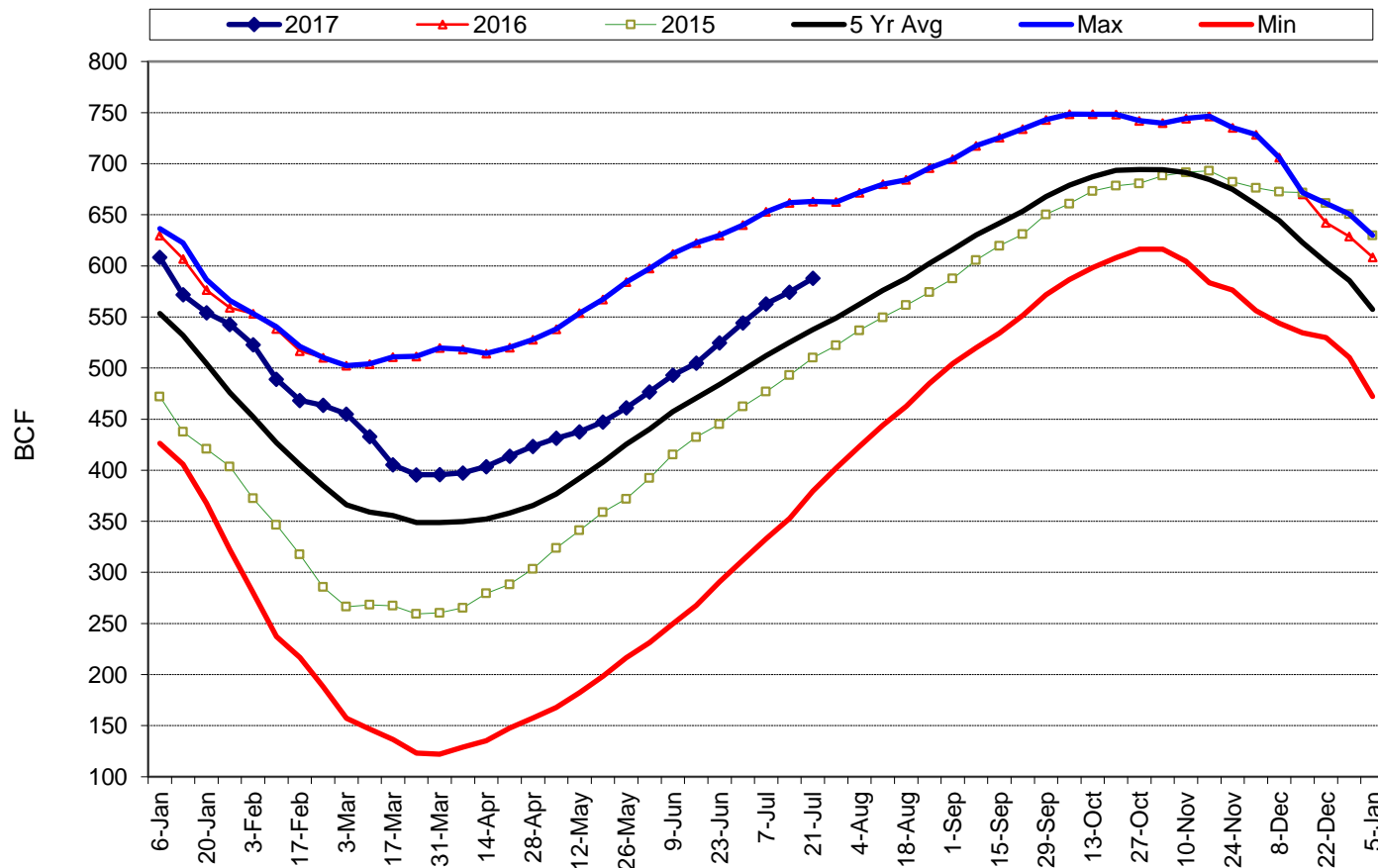
## NYMEX Calendar Strips



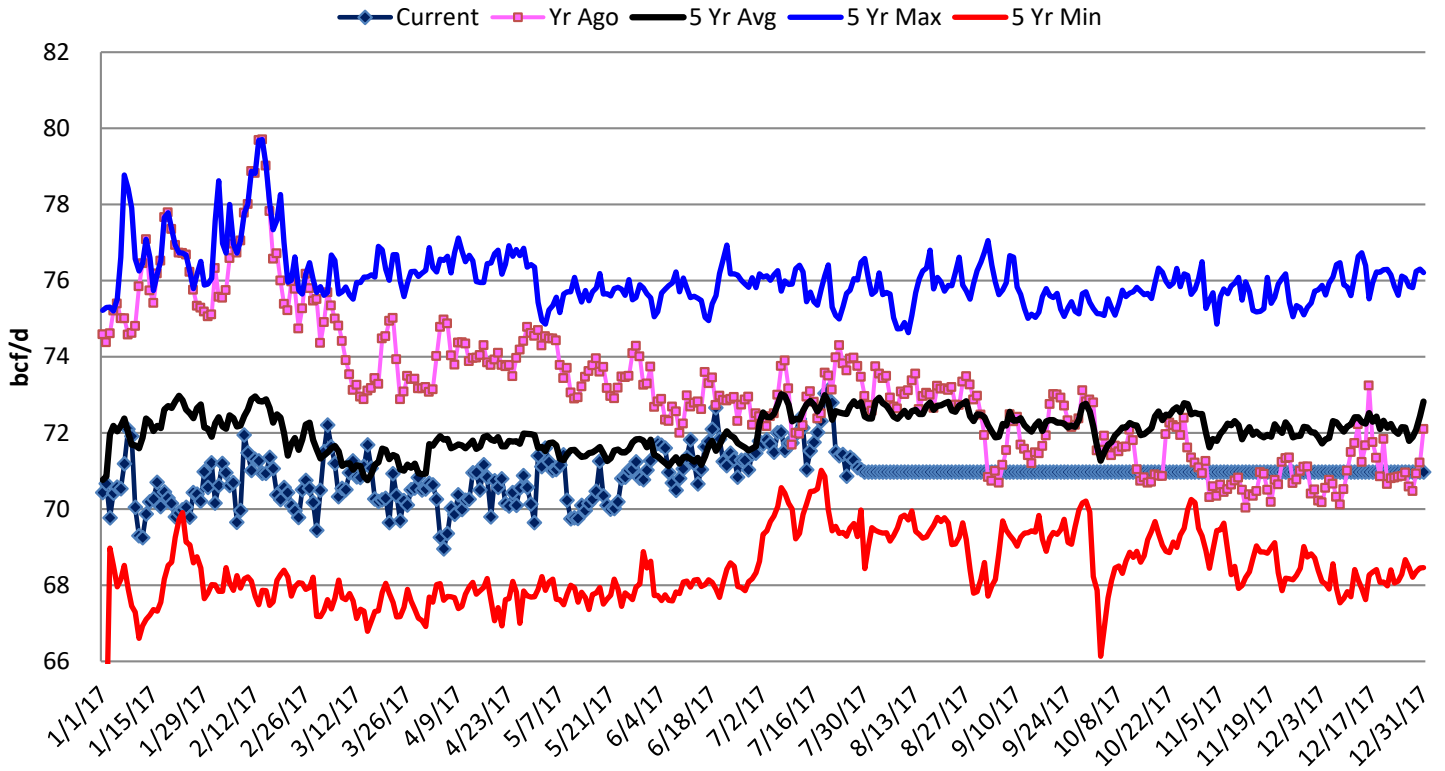
## US Total Working Gas Storage - Source - EIA



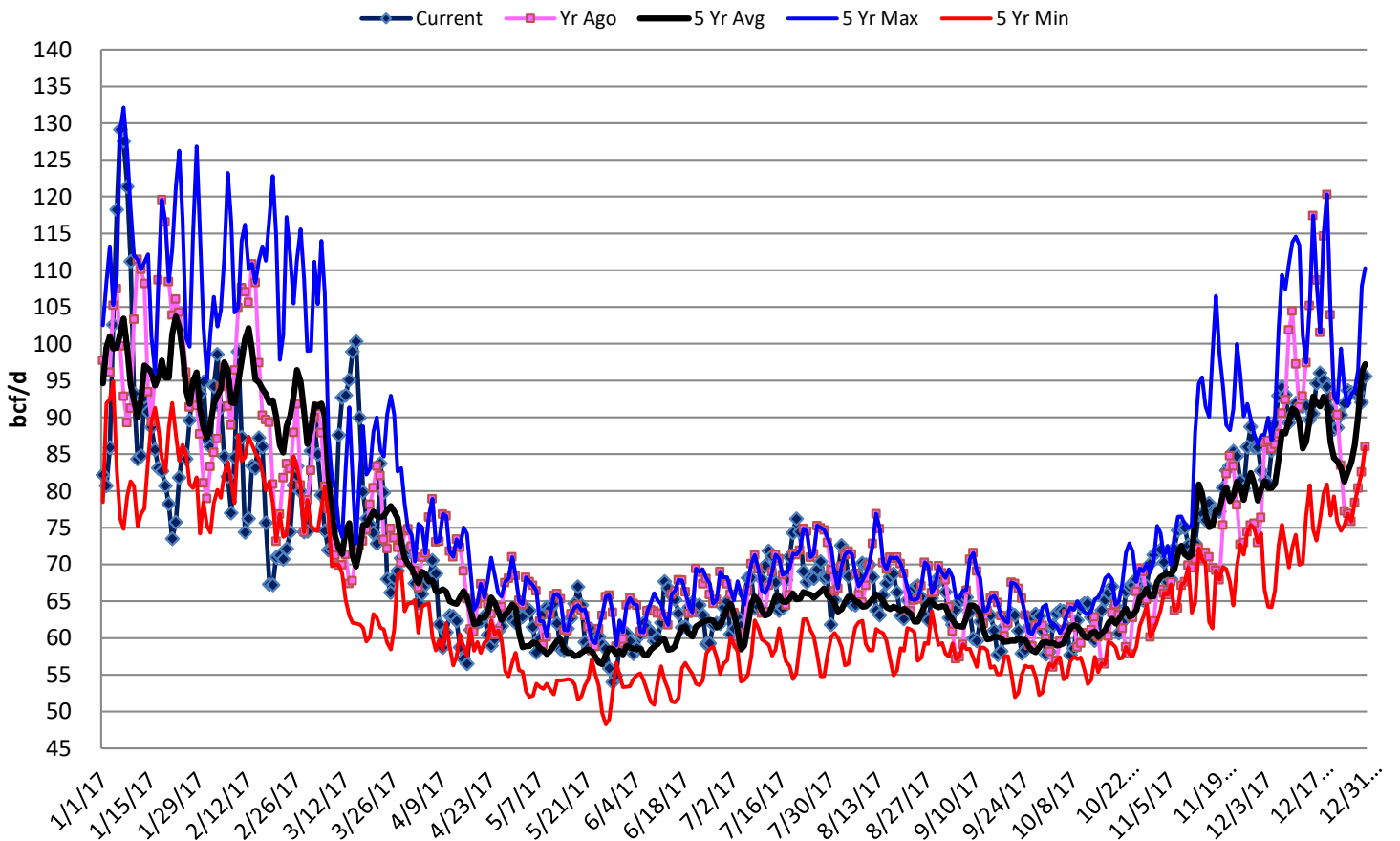
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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