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*Week Ending September 8, 2017*

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

**Price Action:** The September contract fell 18.0 cents (5.9%) to \$2.890 on a decent 17.4 cent range.

**Price Outlook:** After last week posted both a new high and new low, this week witnessed another rare inside week, with neither a new high nor low. This was the 2<sup>nd</sup> inside week of the last 3, a truly rare occurrence. The lingering effects of Harvey, the impending bearish demand implications of Hurricane Irma and overall moderate temperatures all combined to lead prices lower. Although this week's temperature adjusted supply/demand balance remains bullish, it is less bullish than recent weeks and the projected storage injections are likely to be bearish in coming weeks and may keep the market defensive. Bloomberg did not update CFTC data correctly. Aggregated CME futures open interest rose to 1.328 million as of September 8. Open interest in the October \$3.50 Call fell 5,667 to 91,375. Open interest in the October \$3.25 call rose 16,815 to 81,821. Open interest in the October \$2.50 put rose 931 to 74,163.

**Weekly Storage:** US working gas storage for the week ending September 1 indicated a working gas storage injection of 65 bcf. Working gas inventories rose to 3,220 bcf. Current inventories fall (217) bcf (6.3%) below last year while surpassing the 5-year average by 20 bcf (0.6%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 1 bcf smaller than the actual EIA implied flow and is back within our tolerance range. The 5-week summation of our error rose to 2 bcf and is within our tolerance. The EIA has reported a net implied flow of 221 bcf over the last 5 weeks compared to our estimated 219 bcf. Our forecast for early November inventories is now 3,805 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Above normal national temperatures at the end of the forecast will soon be considered bearish.

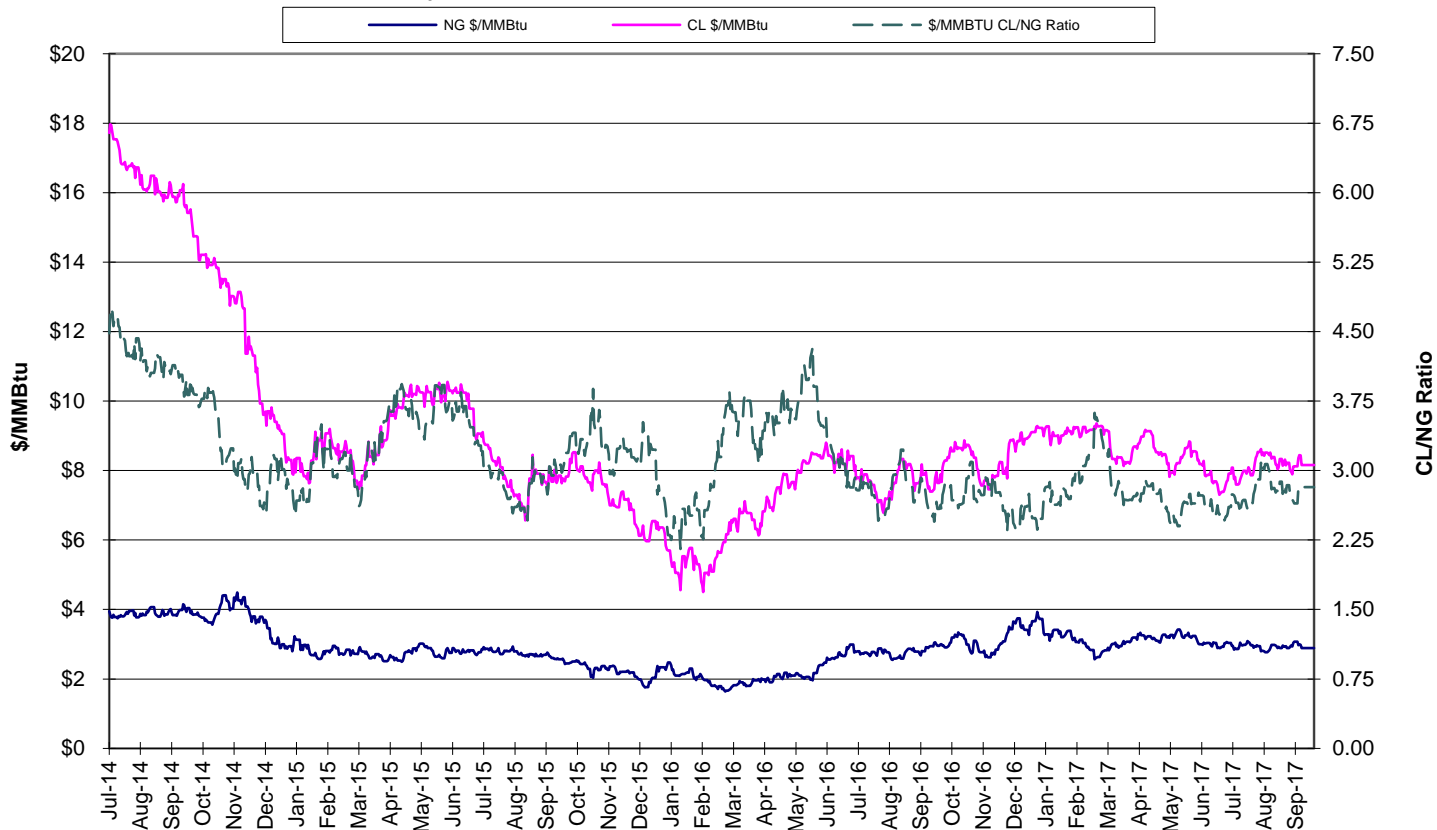
**Supply Trends:** Total supply rose +0.1 bcf to 72.4 bcf/d. Mexican and LNG exports were lower. US production and Canadian imports were lower. LNG imports were unchanged. The US Baker Hughes rig count rose 1 as natural gas activity increased while oil fell. The total US rig count now stands at 944. The Canadian rig count rose 1 to 202. Thus, the total North American rig count rose 2 to 1,146 and now exceeds last year by 504. **The higher efficiency US horizontal rig count fell 1 to 793 and rises 397 above last year.**

**Demand Trends:** Total demand fell 5.2 bcf/d to 63.0 bcf/d. Lower power and industrial demand offset higher R&C consumption. Electricity demand fell 7,968 gigawatt-hrs to 77,100 which trails last year by 7,257 (8.6%) while trailing the 5-year average by 9,665 (11.1%).

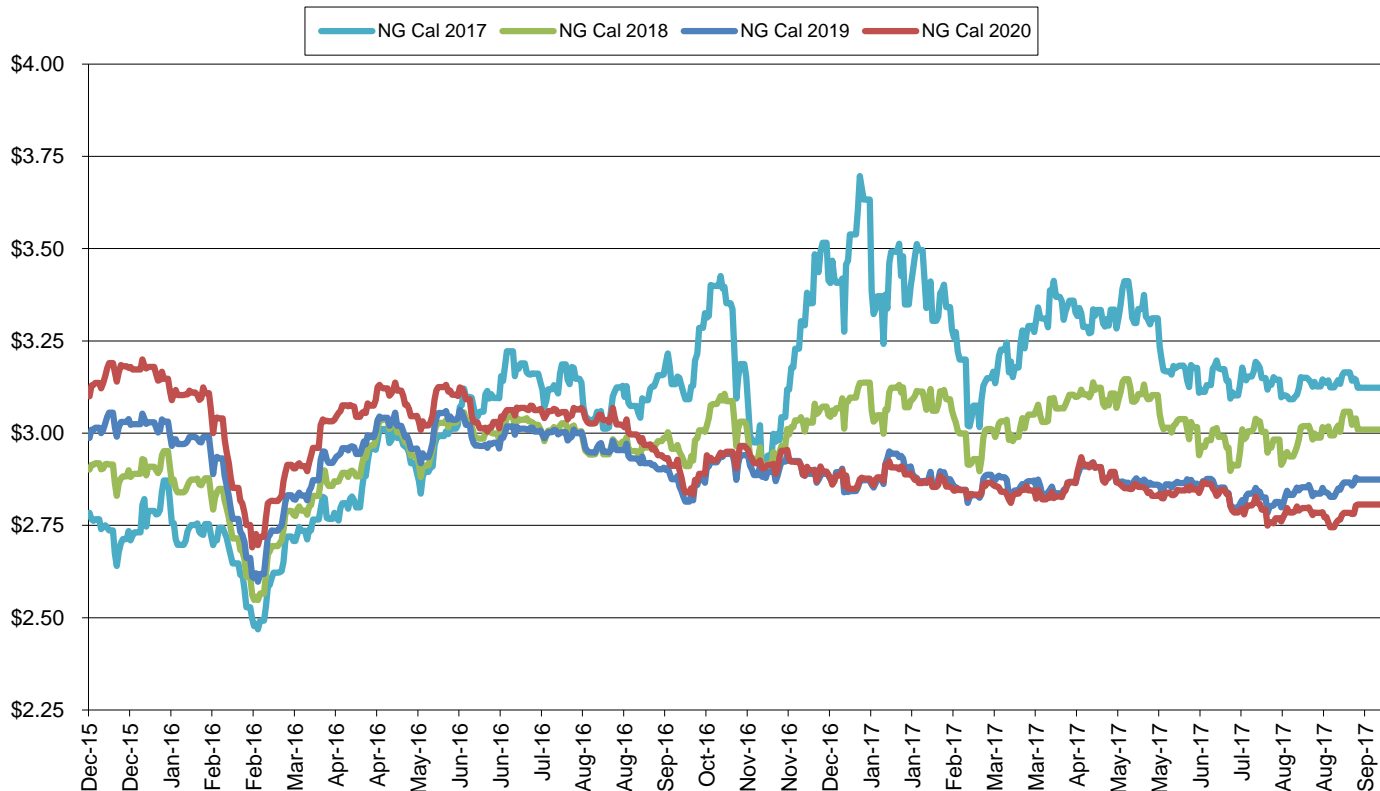
**Nuclear Generation:** Nuclear generation fell 615 MW in the reference week to 95,036 MW. This is 291 MW higher than last year and 102 MW higher than the 5-year average. **Recent output was at 94,825 MW.**

- The cooling season is entering its final weeks. With a forecast through September 22, the 2017 total cooling index is at 4,567 compared to 5,406 for 2016, 4,230 for 2015, 3,353 for 2014, 4,793 for 2013, 7,125 for 2012 and 6,577 for 2011.

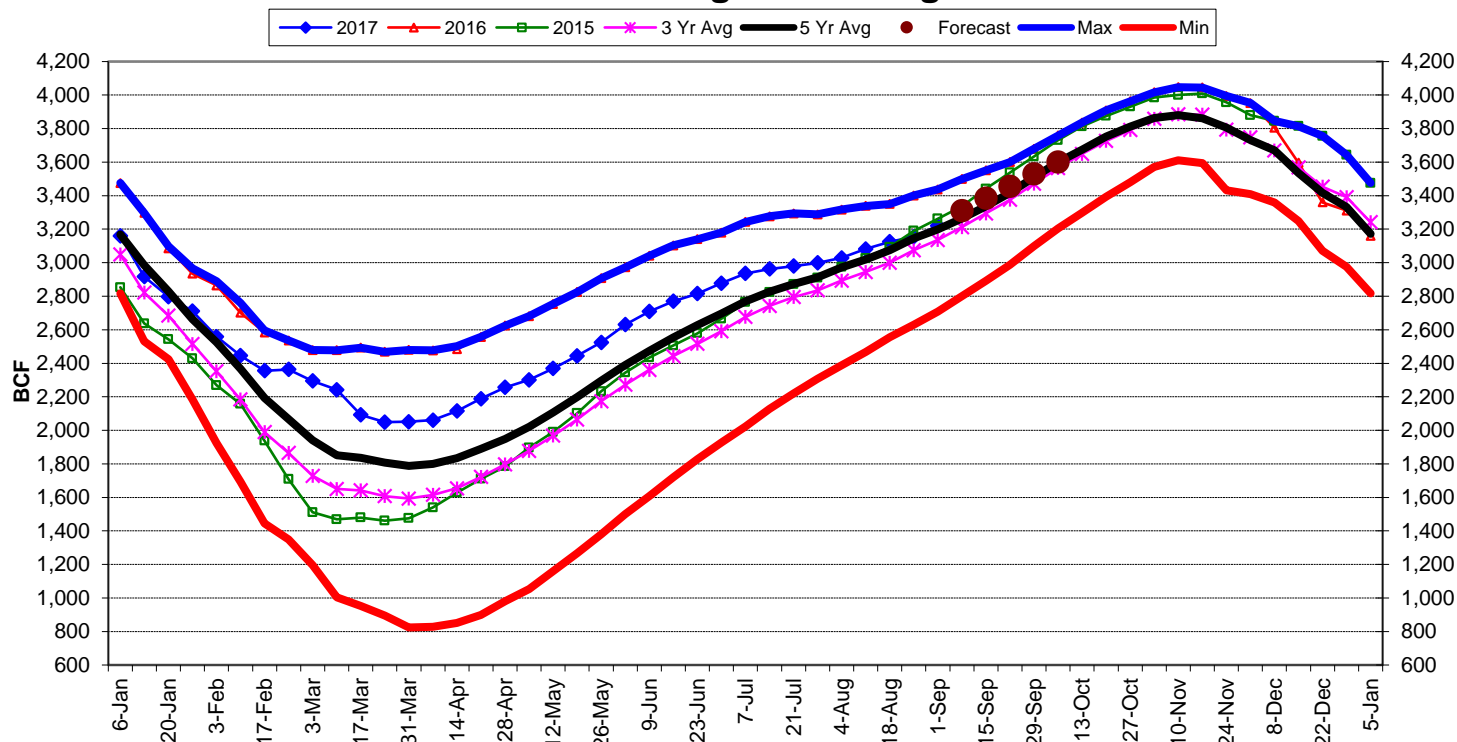
## \$/MMBtu Ratio of NYMEX CL and NG



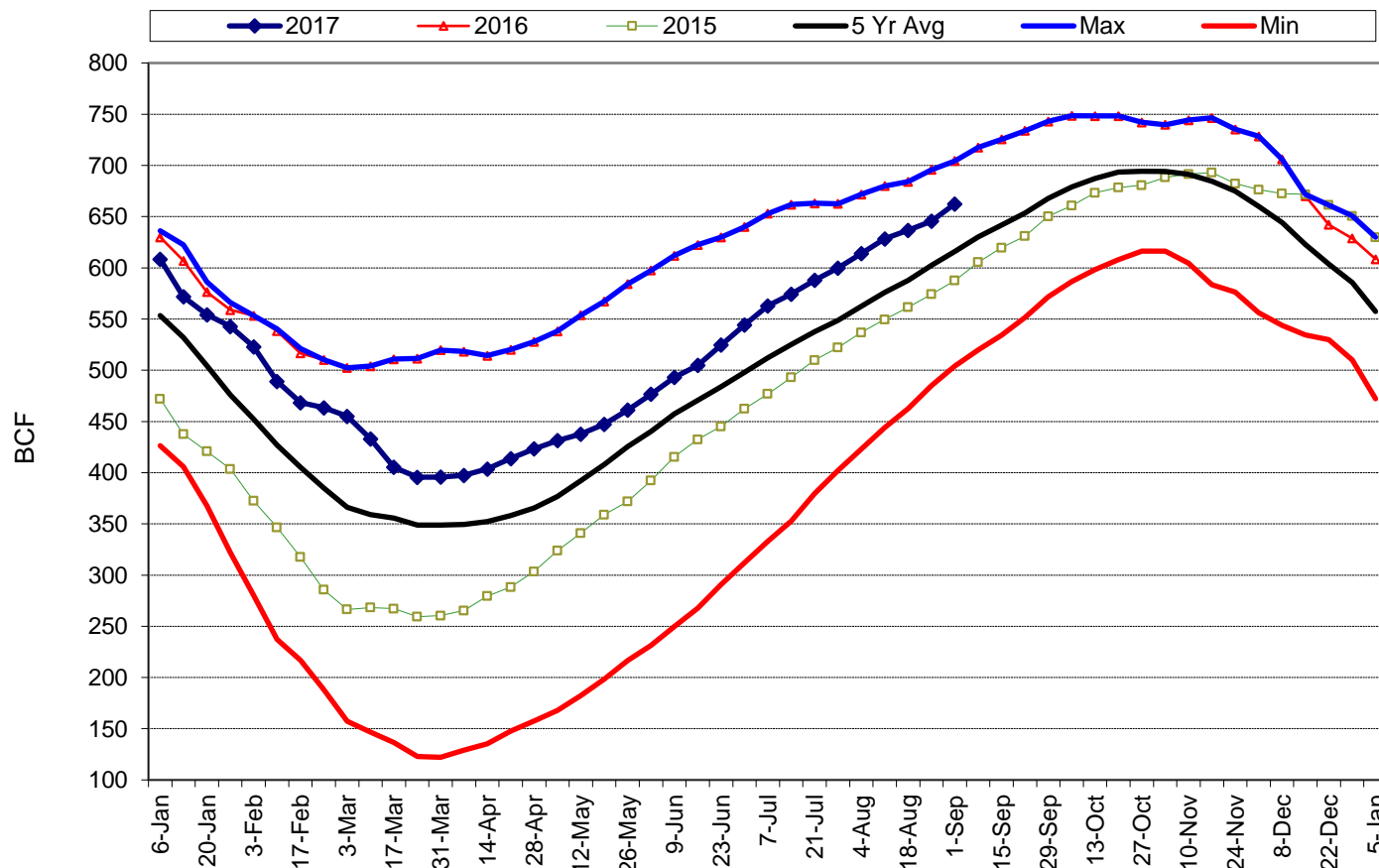
## NYMEX Calendar Strips



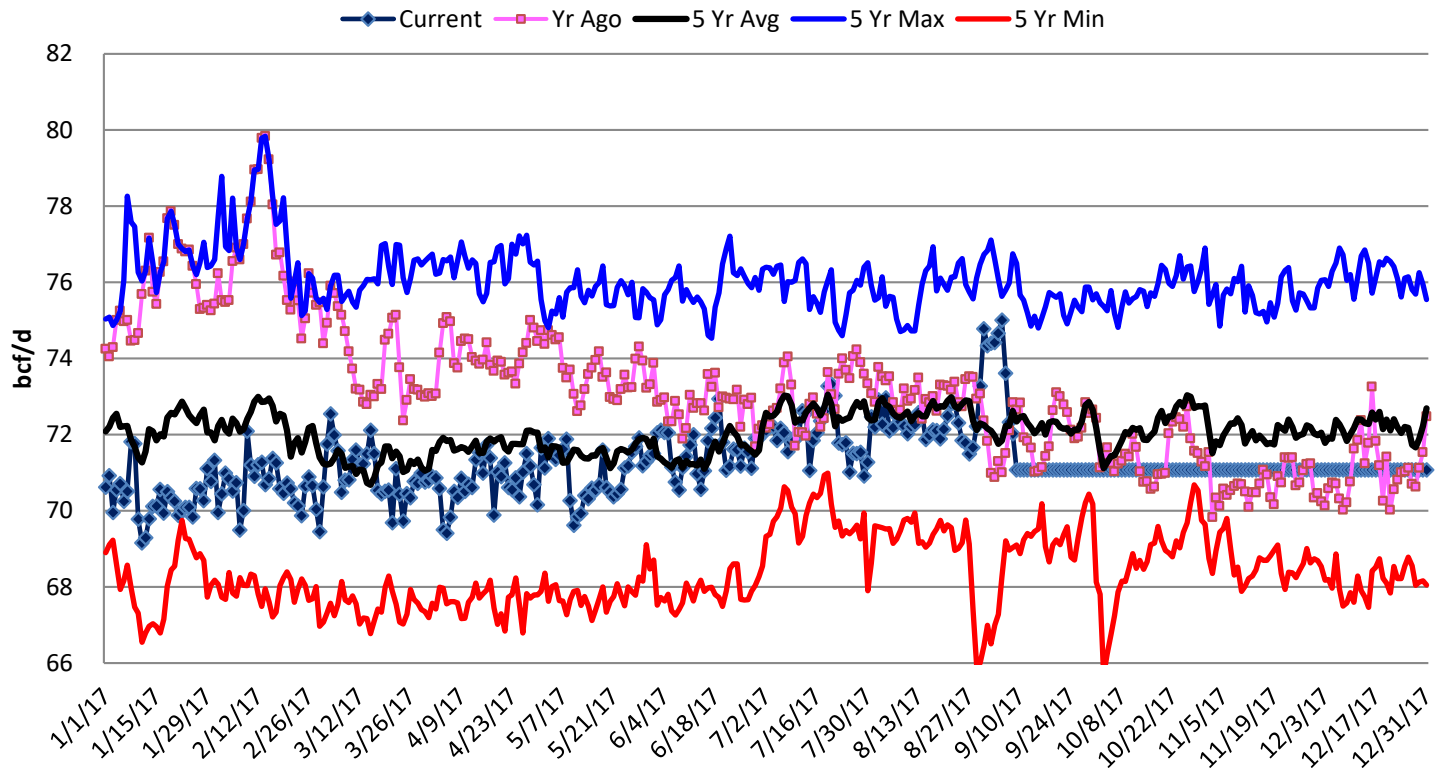
## US Total Working Gas Storage - Source - EIA



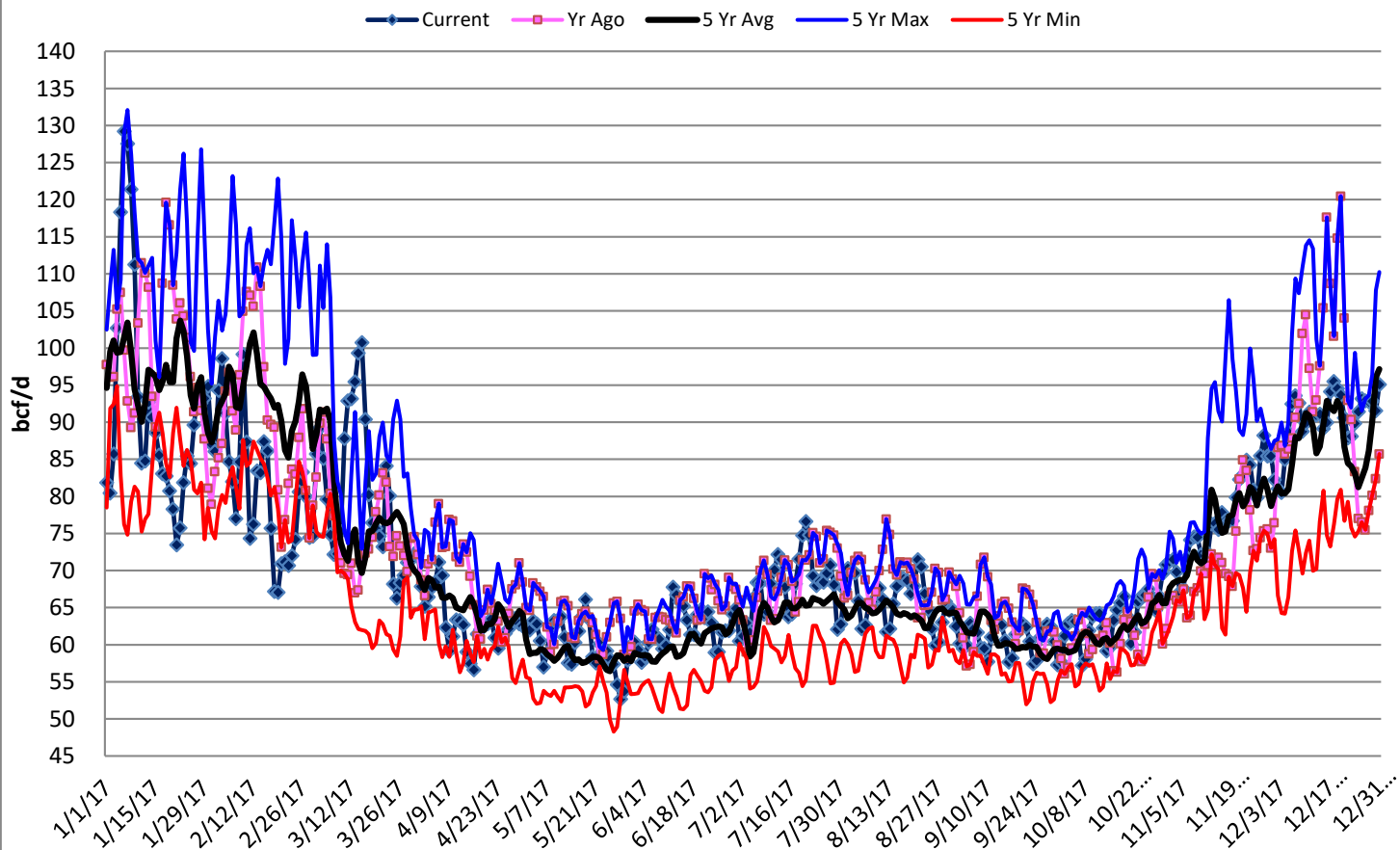
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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