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*Week Ending September 22, 2017*

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

**Price Action:** The October contract fell 6.5 cents (2.1%) to \$2.959 on a decent 22.4 cent range.

**Price Outlook:** Prices this week posted a new high for 2<sup>nd</sup> week in a row as the impacts of Hurricane Irma subsided. However, prices did slide after the EIA reported a much larger storage injection than expected as Irma effected the market more than expected. The current bullish above normal temperatures will soon become as above normal temperatures in October did not generate meaningful A/C demand while delaying overnight heating requirements. Updated CFTC data indicated another surge in the managed money net long position to the largest since May 30. Over 100,000 contracts of net length have been added since the August 8 low. Total combined open interest rose to 3.572 million as of September 19. Aggregated CME futures open interest fell to 1.313 million as of September 15. Open interest in the October \$3.25 call rose 23,410 to 107,453. Open interest in the October \$3.50 call fell 7,581. Open interest in the October \$2.50 put fell 101 to 73,785.

**Weekly Storage:** US working gas storage for the week ending September 15 indicated a working gas storage injection of 97 bcf. Working gas inventories rose to 3,408 bcf. Current inventories fall (143) bcf (4.0%) below last year while surpassing the 5-year average by 72 bcf (2.2%).

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 10 bcf smaller than the actual EIA implied flow and well above our tolerance range. The 5-week summation of our error rose to 11 bcf and is within our tolerance. The EIA has reported a net implied flow of 326 bcf over the last 5 weeks compared to our estimated 315 bcf. Our forecast for early November inventories is now 3,807 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 now be considered bearish.

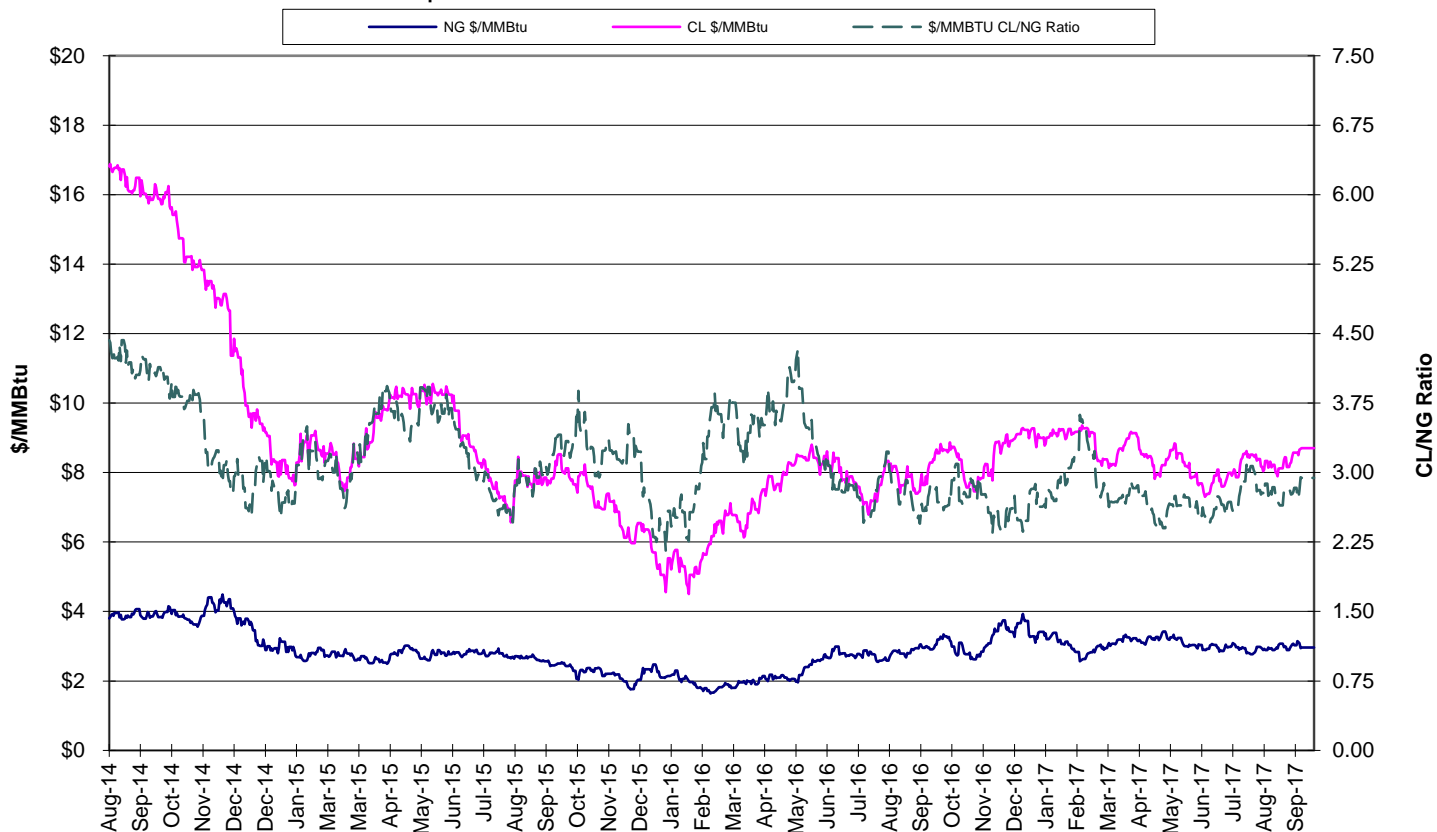
**Supply Trends:** Total supply fell 1.9 bcf to 72.1 bcf/d. US production rose. Canadian imports were lower, Mexican exports and LNG exports were higher. LNG imports were unchanged. The US Baker Hughes rig count fell 1 with natural gas activity higher and oil lower. The total US rig count now stands at 935. The Canadian rig count rose 8 to 220. Thus, the total North American rig count rose 7 to 1,155 and now exceeds last year by 506. **The higher efficiency US horizontal rig count fell 5 to 790 and rises 388 above last year.**

**Demand Trends:** Total demand fell 1.6 bcf/d to 60.2 bcf/d. Lower power and industrial demand offset higher R&C consumption. Electricity demand fell 154 gigawatt-hrs to 75,251 which trails last year by 5,319 (6.6%) while trailing the 5-year average by 2,935 (3.8%).

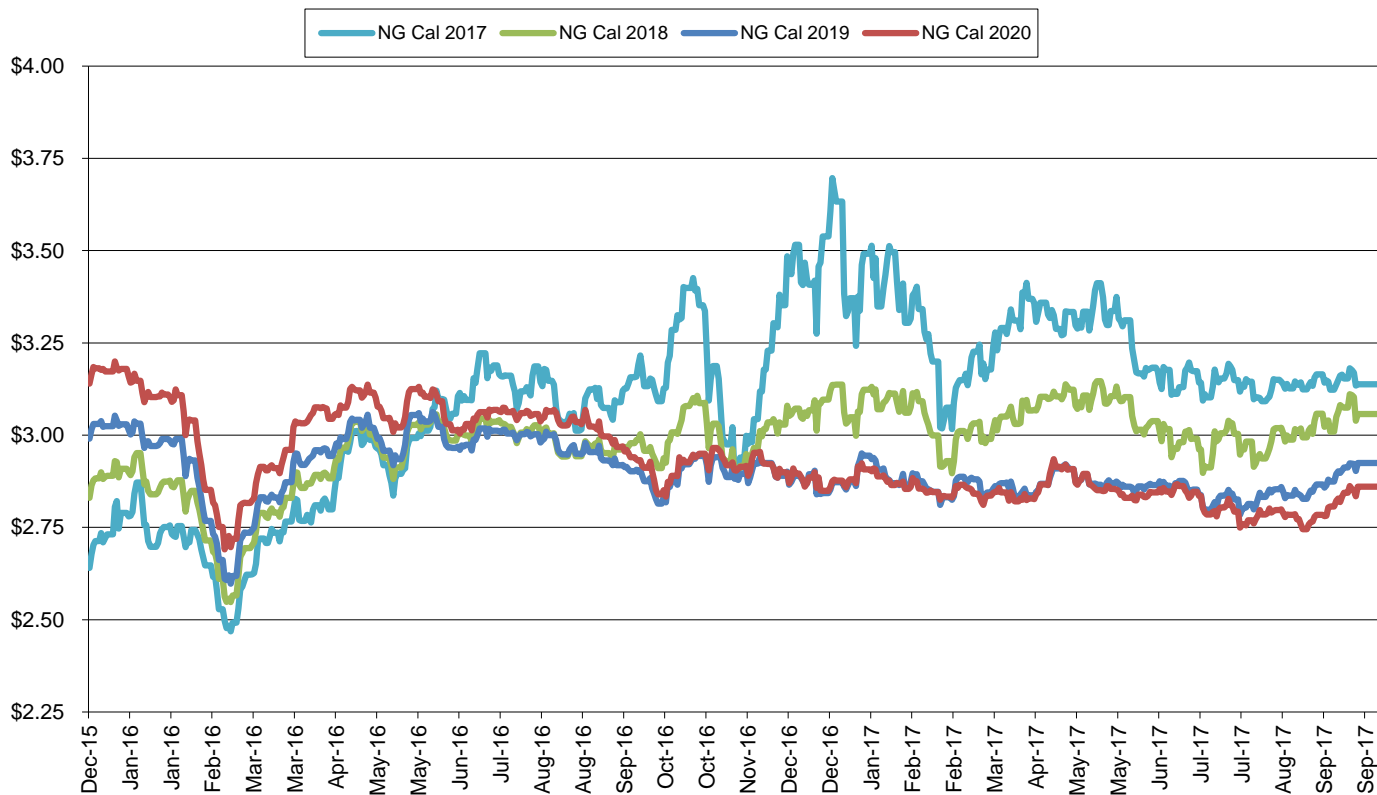
**Nuclear Generation:** Nuclear generation fell 509 MW in the reference week to 93,144 MW. This is 4,045 MW higher than last year and 1,848 MW higher than the 5-year average. Recent output was at 92,196 MW.

- The cooling season is entering its final weeks. With a forecast through October 6, the 2017 total cooling index is at 4,687 compared to 5,483 for 2016, 4,322 for 2015, 3,427 for 2014, 4,811 for 2013, 7,205 for 2012 and 6,706 for 2011.

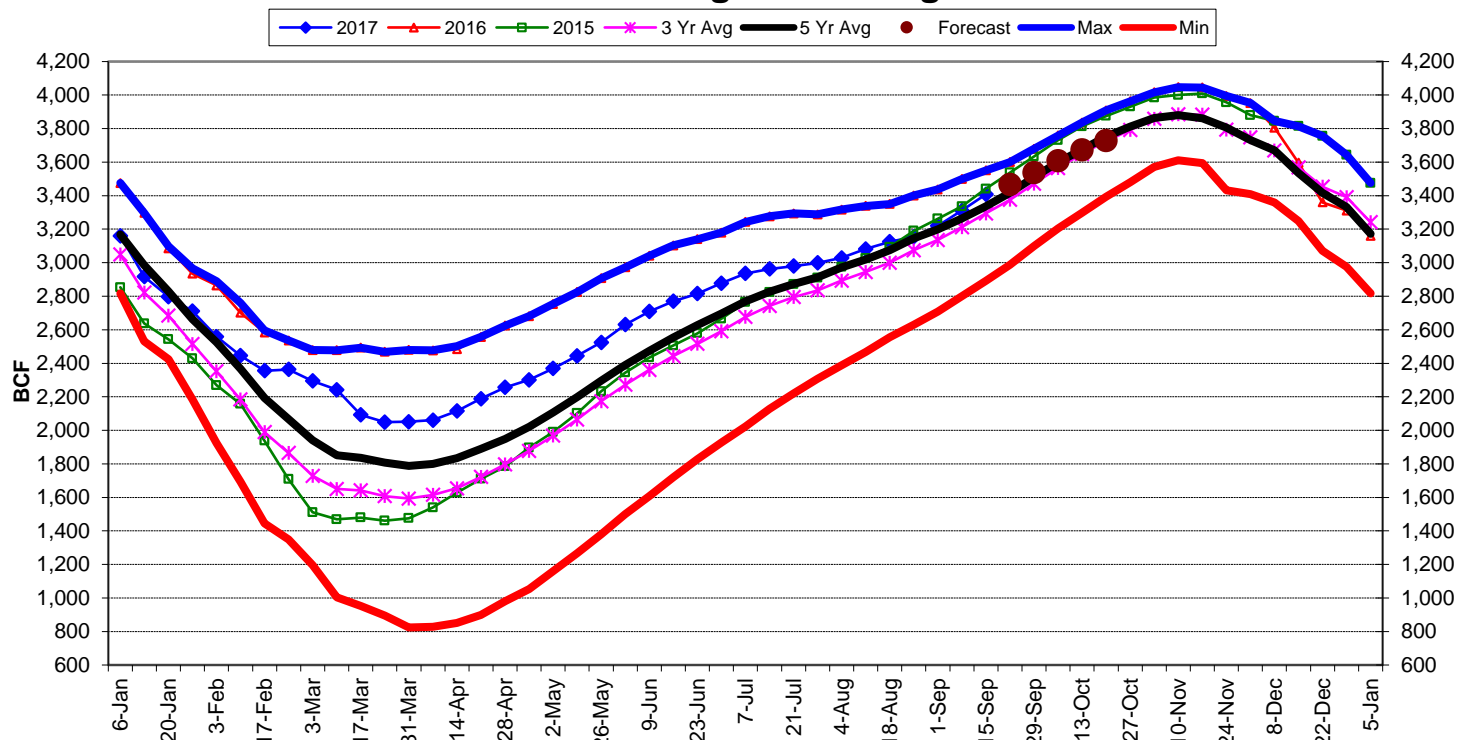
## \$/MMBtu Ratio of NYMEX CL and NG



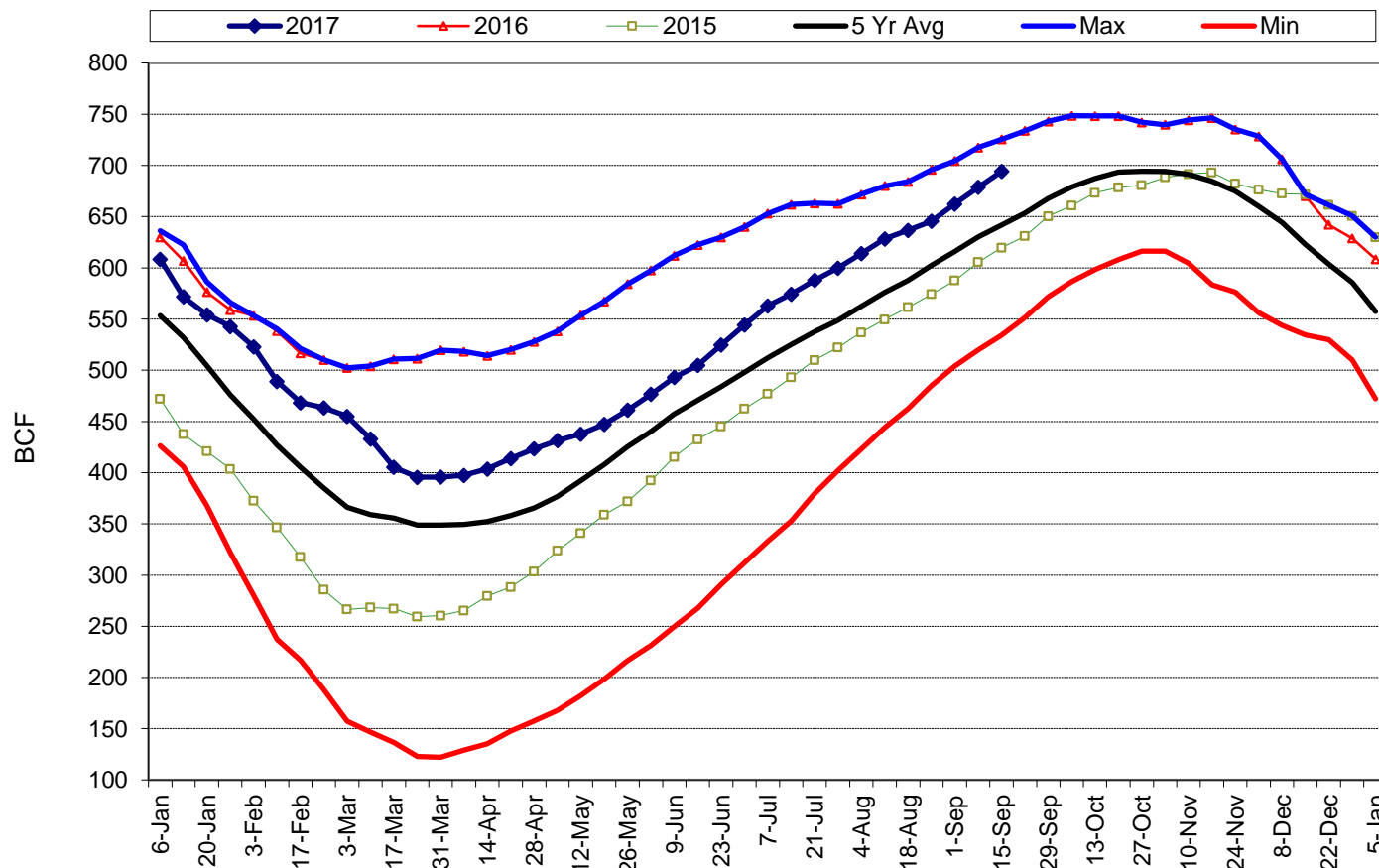
## NYMEX Calendar Strips



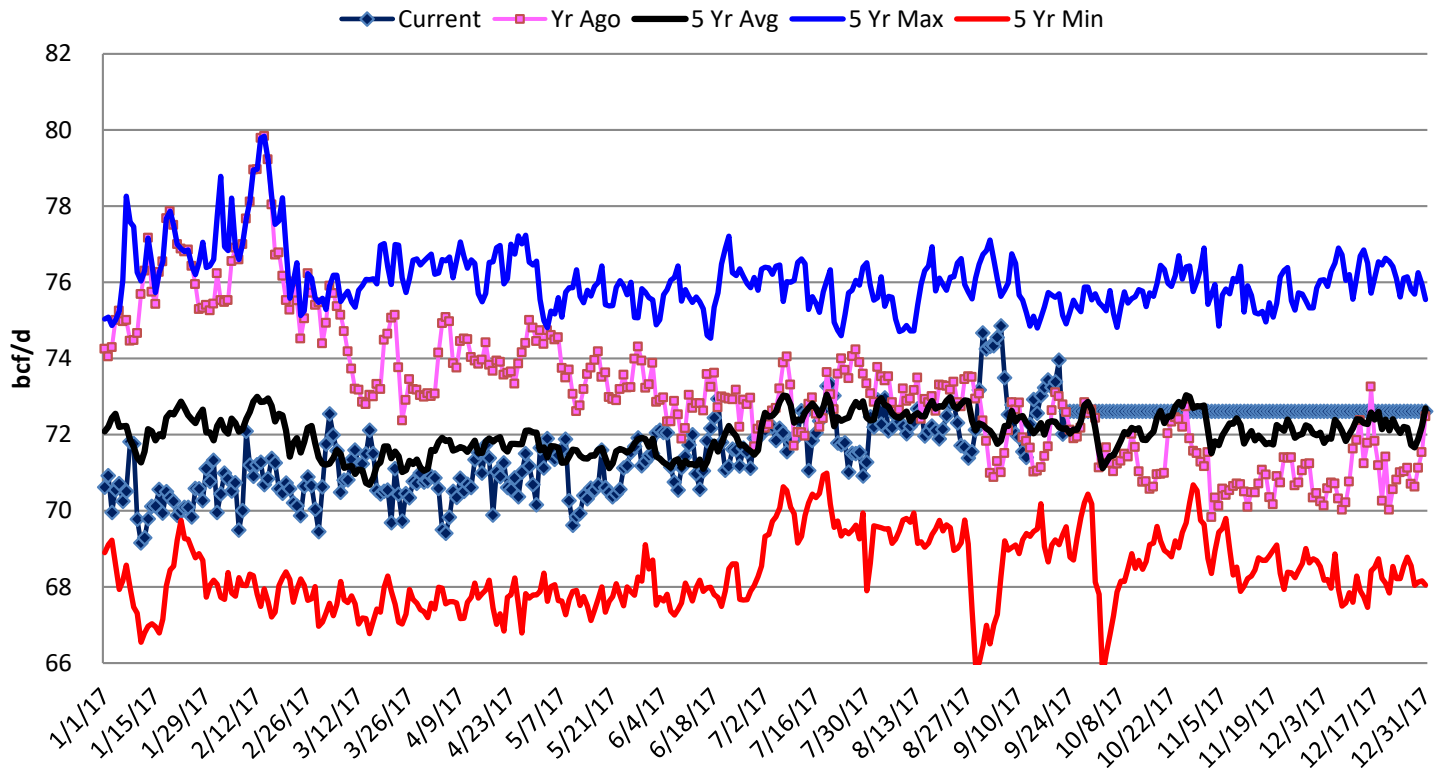
## US Total Working Gas Storage - Source - EIA



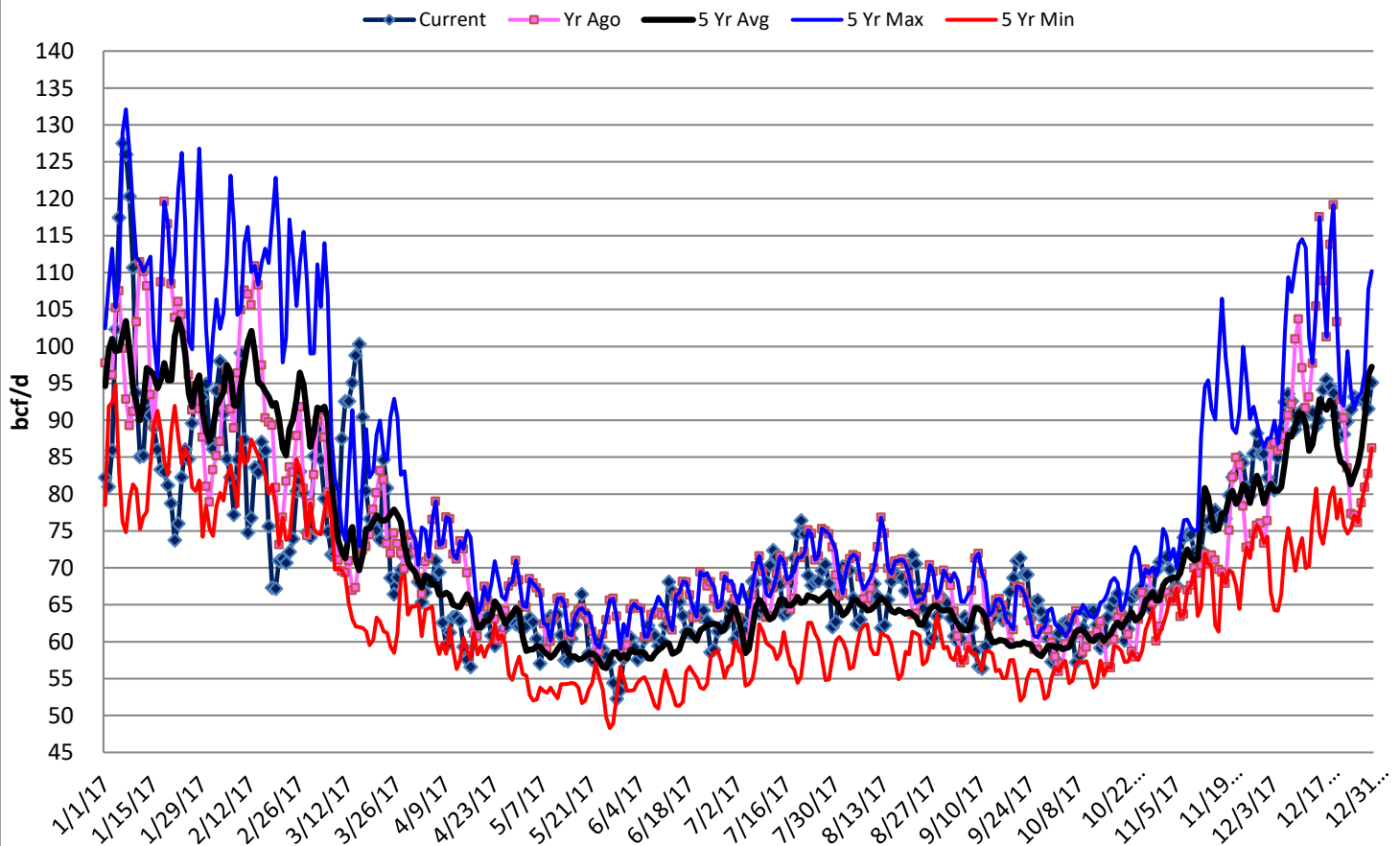
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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