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*Week Ending October 6, 2017*

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

**Price Action:** The November contract fell 14.4 cents (4.8%) to \$2.863 on a modest 16.9 cent range.

**Price Outlook:** Prices this slipped again this week despite very bullish pipeline data as weather forecasts project above normal temperatures into October. While the above normal temperatures in late generated A/C demand, above normal temperatures in October typically do not generate meaningful A/C demand while they delay overnight heating requirements. Recent weather forecast suggest that temperatures will be warmer than all 10 of the previous 10 years. CFTC data indicated another sizable reduction in the managed money net long position to the smallest since August 8 as longs liquidated and shorts added. The net longs position was reduced by over 22,000 contracts. Total combined open interest rose to 3.515 million as of October 3. Aggregated CME futures open interest rose to 1.398 million as of October 6. Open interest in the March \$4.00 call rose 1,399 to 72,043. Open interest in the November \$3.50 call fell 6,266 to 65,155. Open interest in the November \$2.50 put rose 3,497 to 54,387.

**Weekly Storage:** US working gas storage for the week ending September 29 indicated a working gas storage injection of 42 bcf. Working gas inventories rose to 3,508 bcf. Current inventories fall (172) bcf (4.7%) below last year and trail the 5-year average by (3) bcf (0.1%). **This is the 1st deficit to the 5-year average since January 20, 2017.**

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 1 bcf smaller than the actual EIA implied flow and back within our tolerance range. The 5-week summation of our error remained at 11 bcf and is within our tolerance. The EIA has reported a net implied flow of 353 bcf over the last 5 weeks compared to our estimated 342 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast.

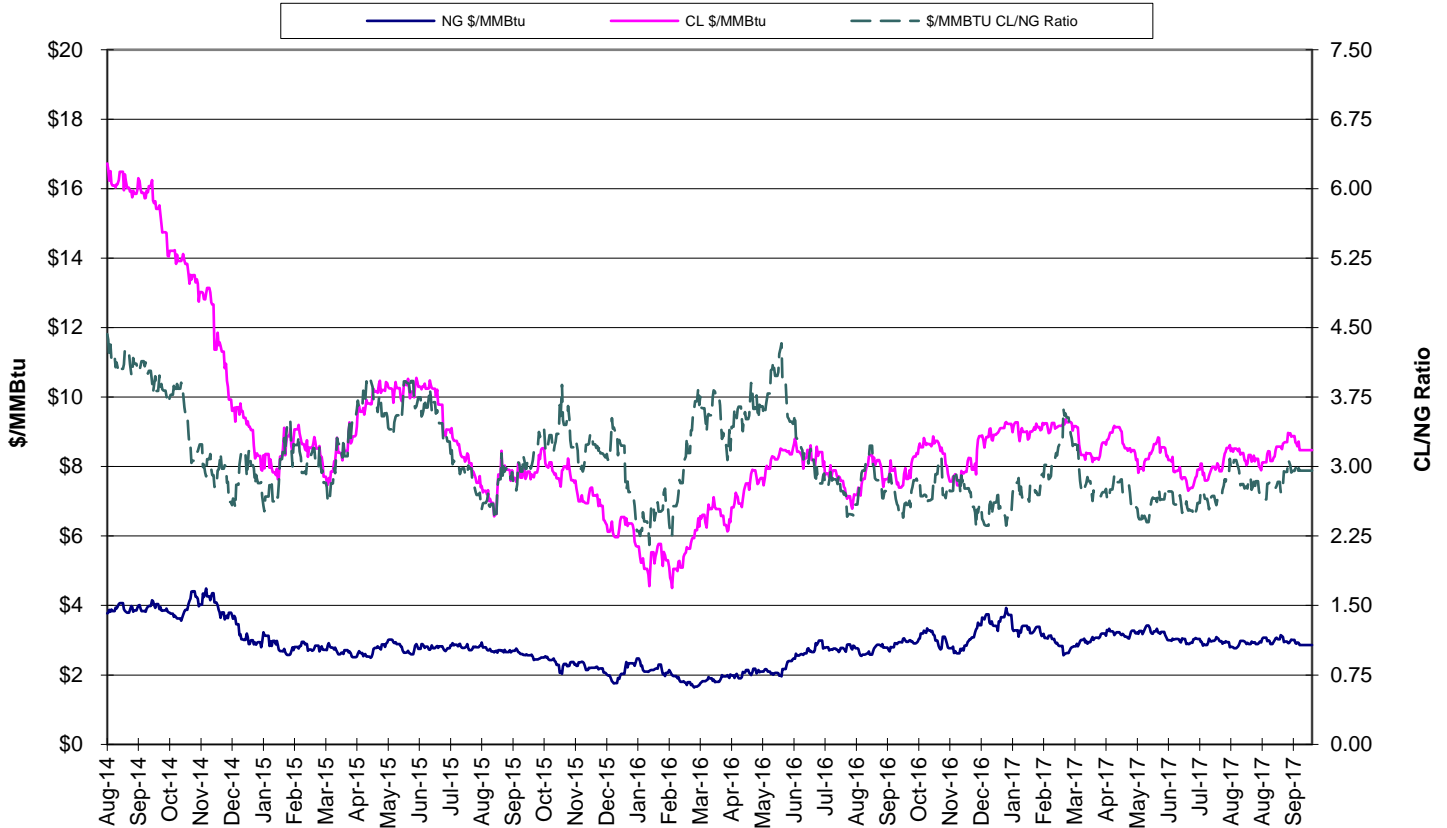
**Supply Trends:** Total supply rose +0.3 bcf to 73.9 bcf/d. LNG and Mexican exports fell. US production and Canadian imports fell. LNG imports were unchanged. The US Baker Hughes rig count fell 4 with both oil and natural gas activity lower. The total US rig count now stands at 936. The Canadian rig count fell 4 to 209. Thus, the total North American rig count fell 8 to 1,145 and now exceeds last year by 456. **The higher efficiency US horizontal rig count fell 2 to 792 and rises 379 above last year.**

**Demand Trends:** Total demand rose 2.3 bcf/d to 69.6 bcf/d. Higher power and industrial demand offset lower R&C consumption. Electricity demand fell 3,293 gigawatt-hrs to 78,690 which exceeds last year by 5,704 (7.8%) and the 5-year average by 5,747 (7.9%).

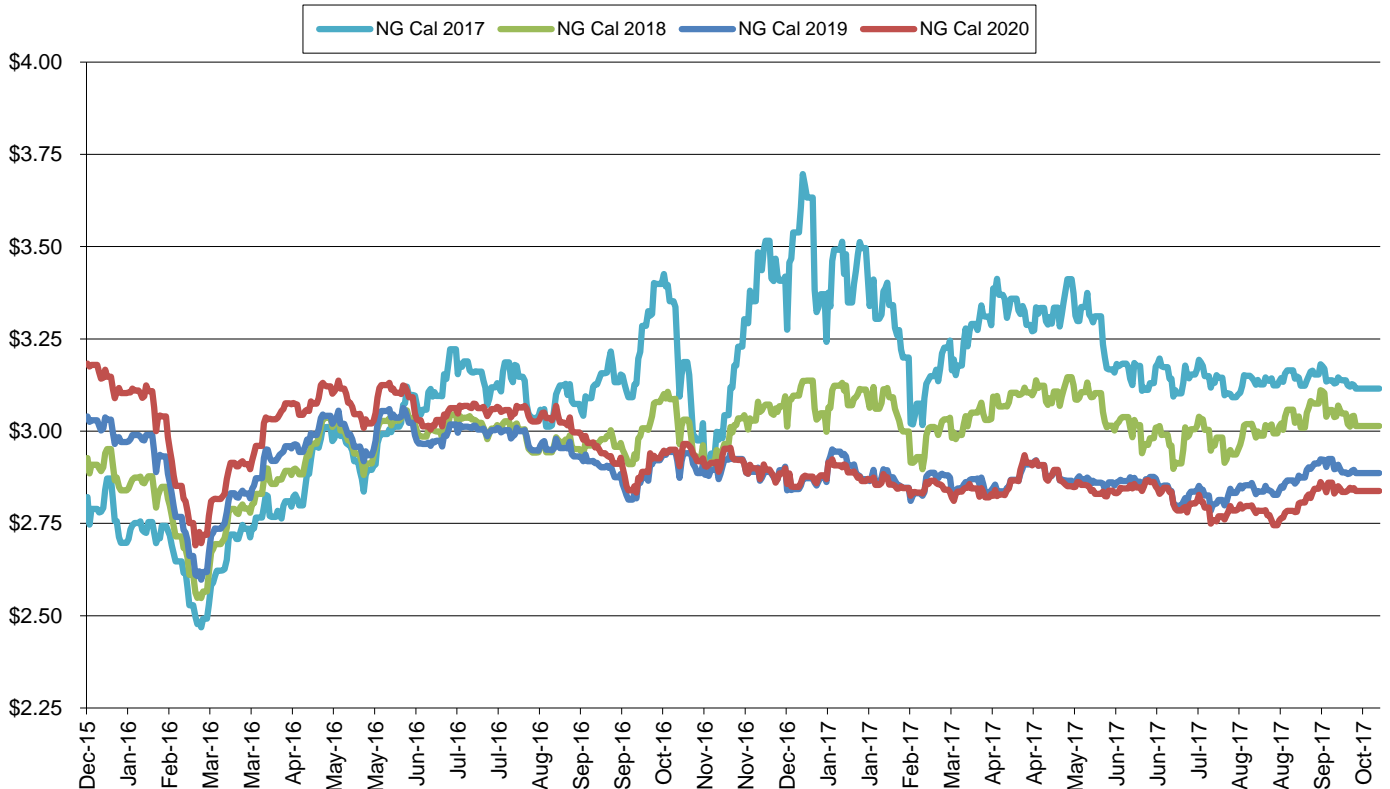
**Nuclear Generation:** Nuclear generation fell 1,422 MW in the reference week to 90,692 MW. This is 3,866 MW higher than last year and 3,895 MW higher than the 5-year average. **Recent output was at 89,936 MW.**

- The cooling season is entering its final weeks. With a forecast through October 13, the 2017 total cooling index is at 4,779 compared to 5,495 for 2016, 4,402 for 2015, 3,451 for 2014, 4,811 for 2013, 7,212 for 2012 and 6,709 for 2011.

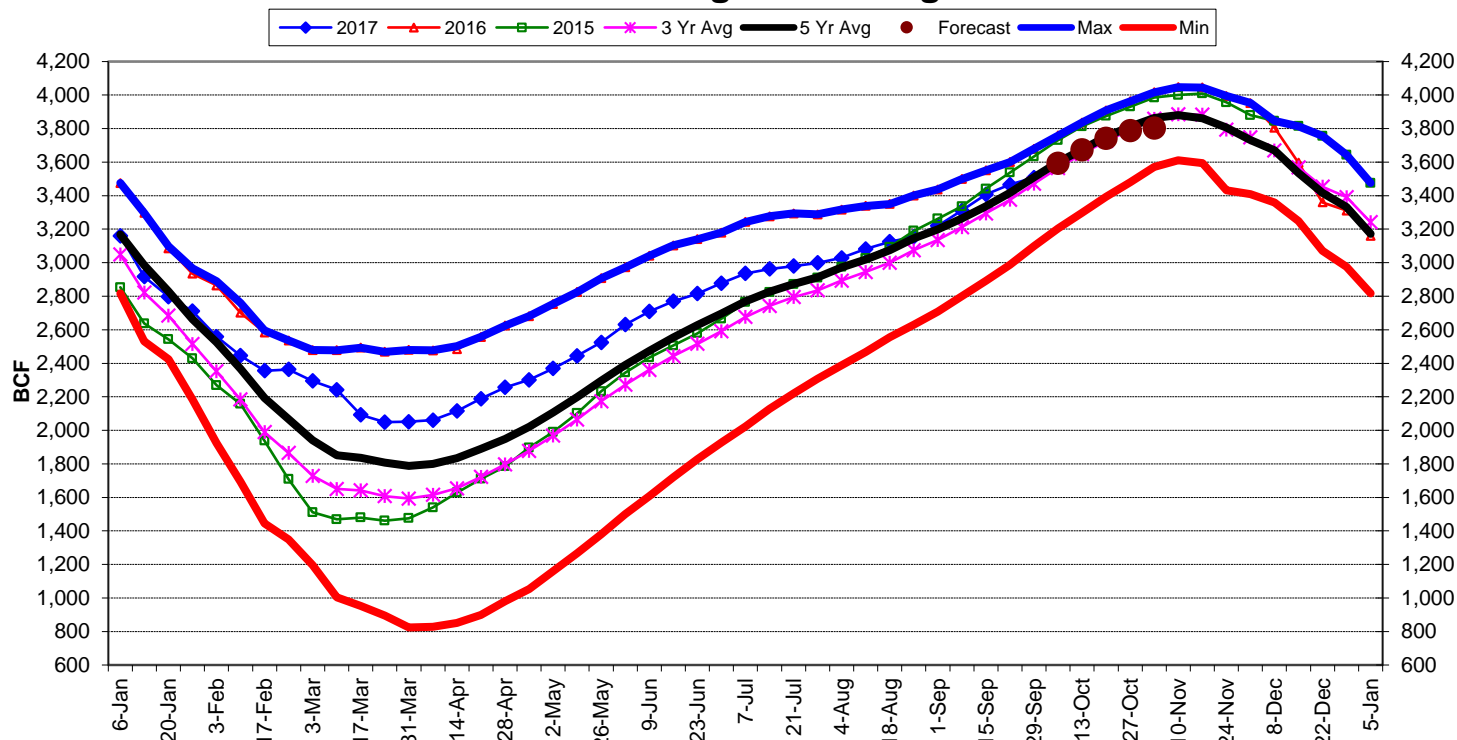
## \$/MMBtu Ratio of NYMEX CL and NG



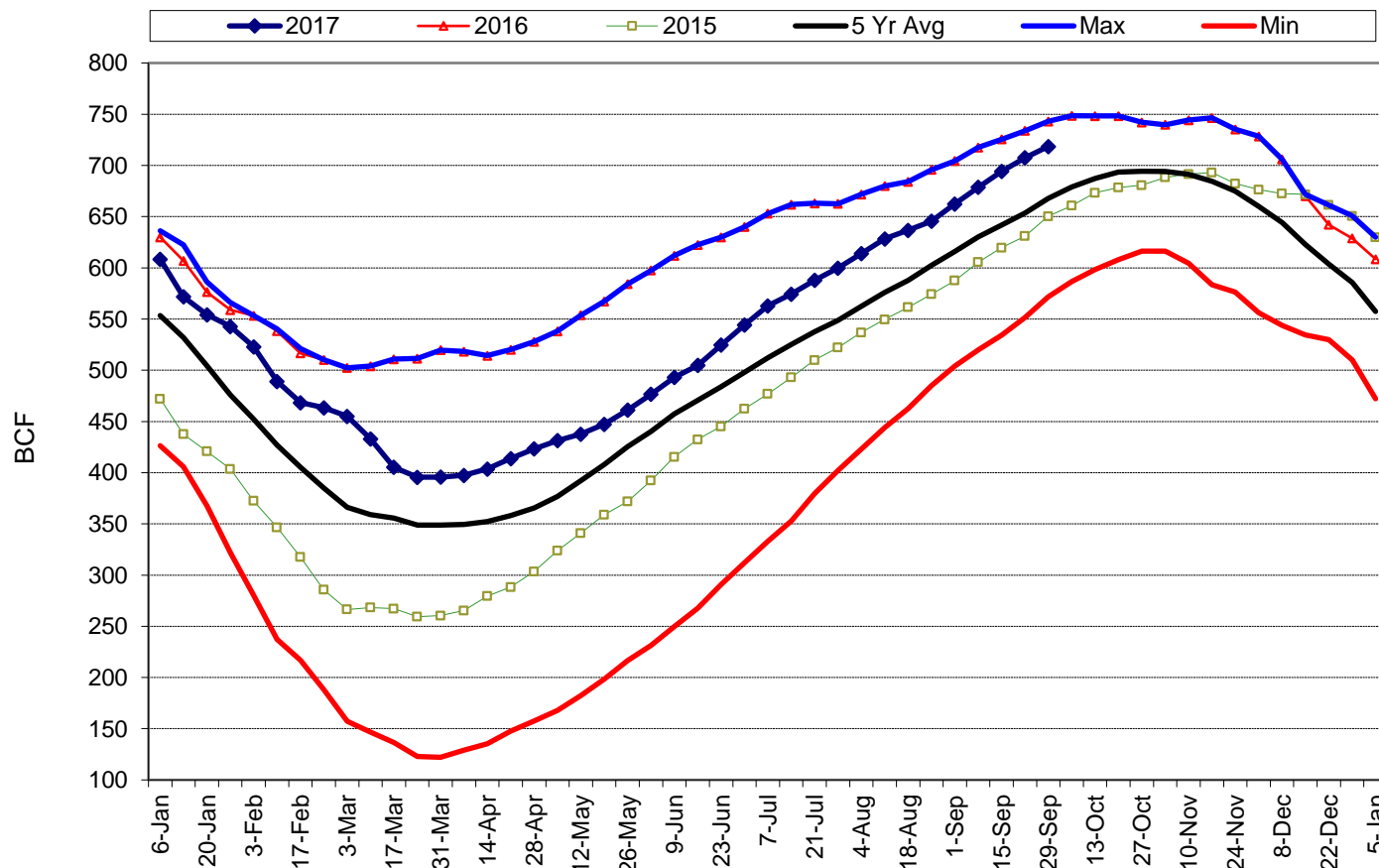
## NYMEX Calendar Strips



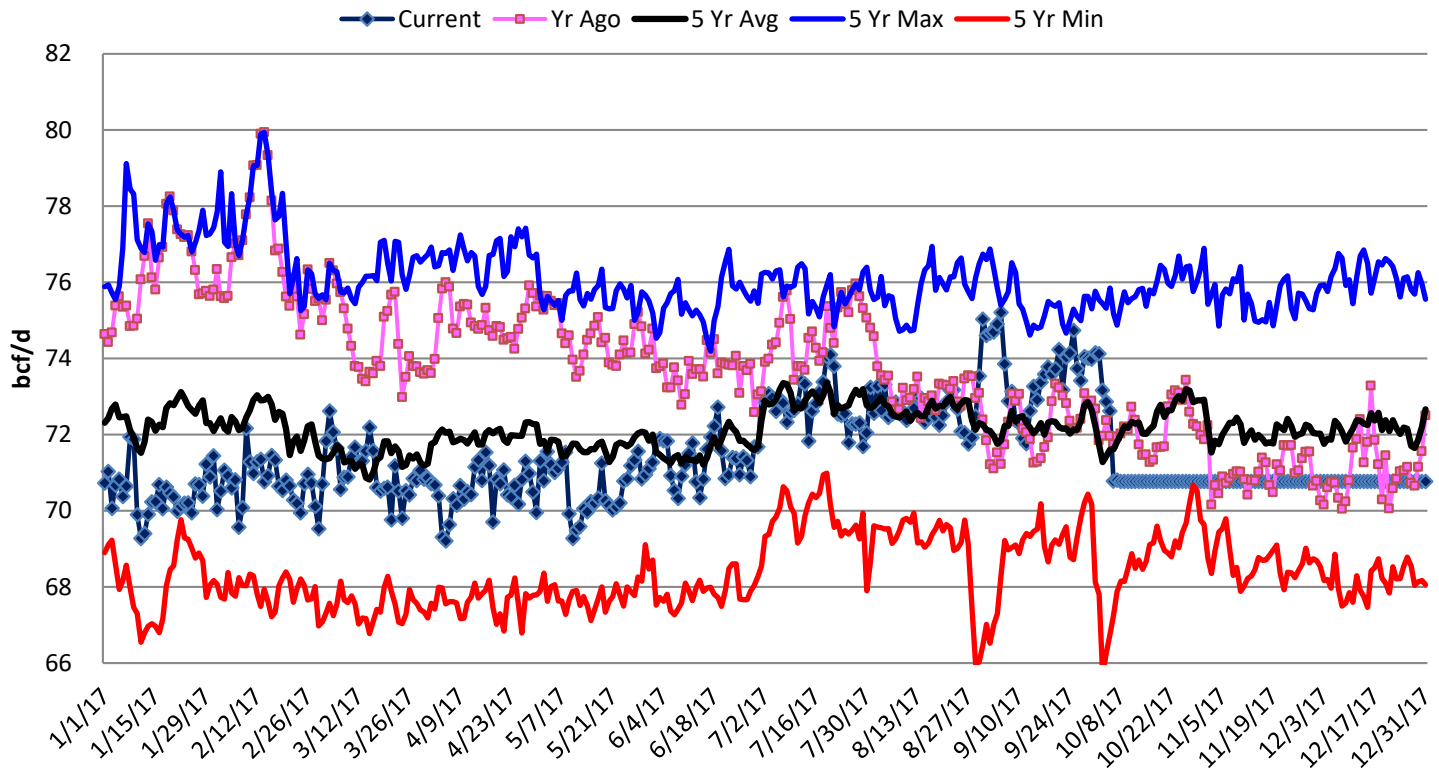
## US Total Working Gas Storage - Source - EIA



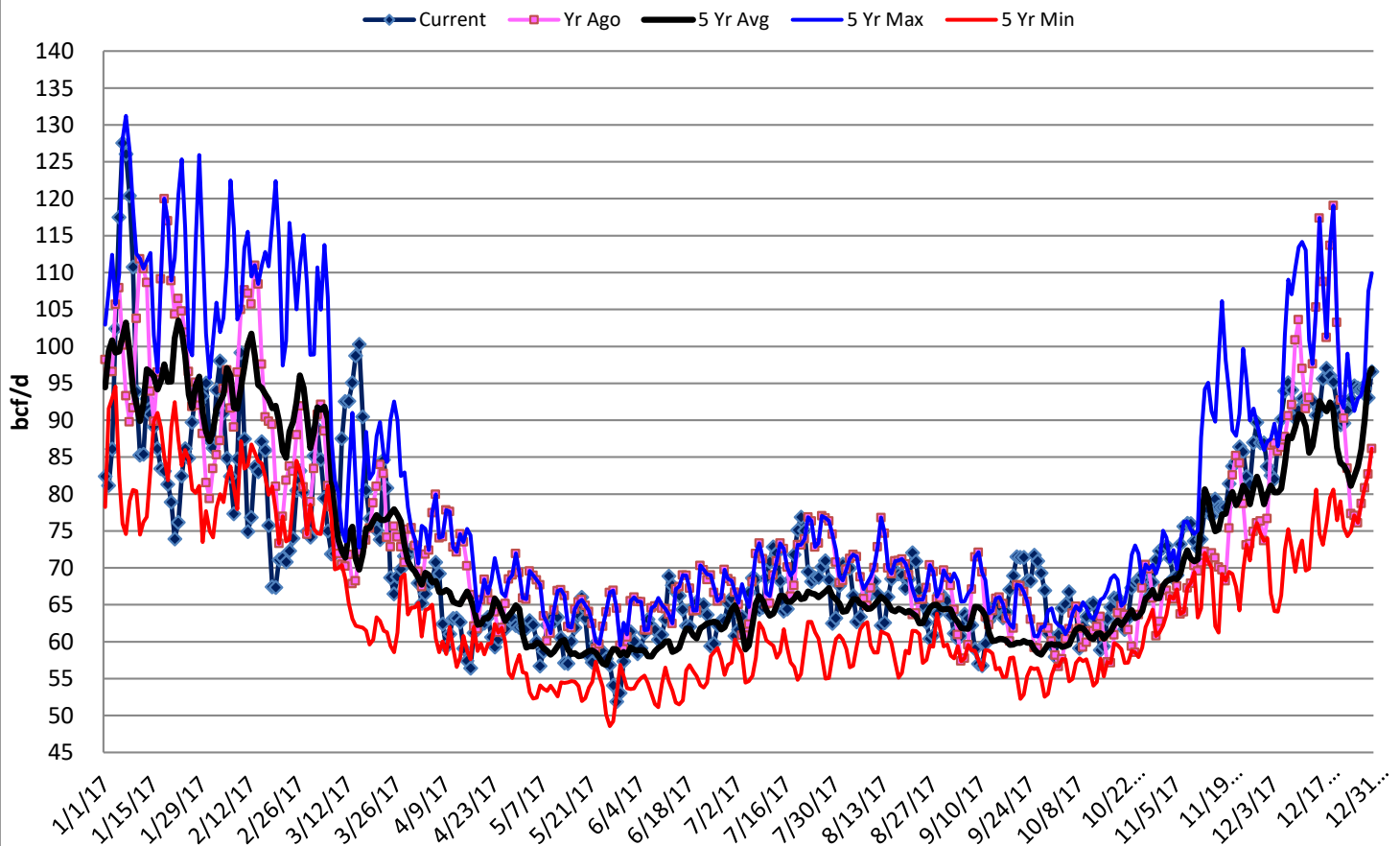
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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