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*Week Ending October 13, 2017*

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

**Price Action:** The November contract rose 13.7 cents (4.8%) to \$3.000 on a moderate 20.9 cent range.

**Price Outlook:** Prices rebounded despite still bearish weather forecasts as Hurricane Nate noticeably reduced Gulf of Mexico production. Prices posted a both a new high and low this week on the slightly expanded weekly price range. Since 2000, the market has posted both a new high and low 105 times compared to just 87 when neither a new high nor low was established. While the underlying physical supply/demand balance is considered very bullish, Mother Nature remains bearish and further price upside likely needs weather to become at least less bearish. **The current 15-day forecast is warmer than 9 of the previous 10 years.** CFTC data indicated another reduction in the managed money net long position as new shorts grew faster than new longs. Total combined open interest rose to 3.548 million as of October 10. Aggregated CME futures open interest fell to 1.373 million as of October 13. Open interest in the March \$4.00 call rose 1,845 to 73,888. Open interest in the January \$4.00 call rose 5,876 to 68,102. Open interest in the November \$2.50 put fell 5,218 to 49,169.

**Weekly Storage:** US working gas storage for the week ending October 6 indicated a working gas storage injection of +87 bcf. Working gas inventories rose to 3,595 bcf. Current inventories fall (164) bcf (4.4%) below last year and (4) bcf (0.1%) below the 5-year average.

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 1 bcf smaller than the actual EIA implied flow and 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 375 bcf over the last 5 weeks compared to our estimated 364 bcf. The forecasts use a 10-year rolling temperature profile past the 15-day forecast.

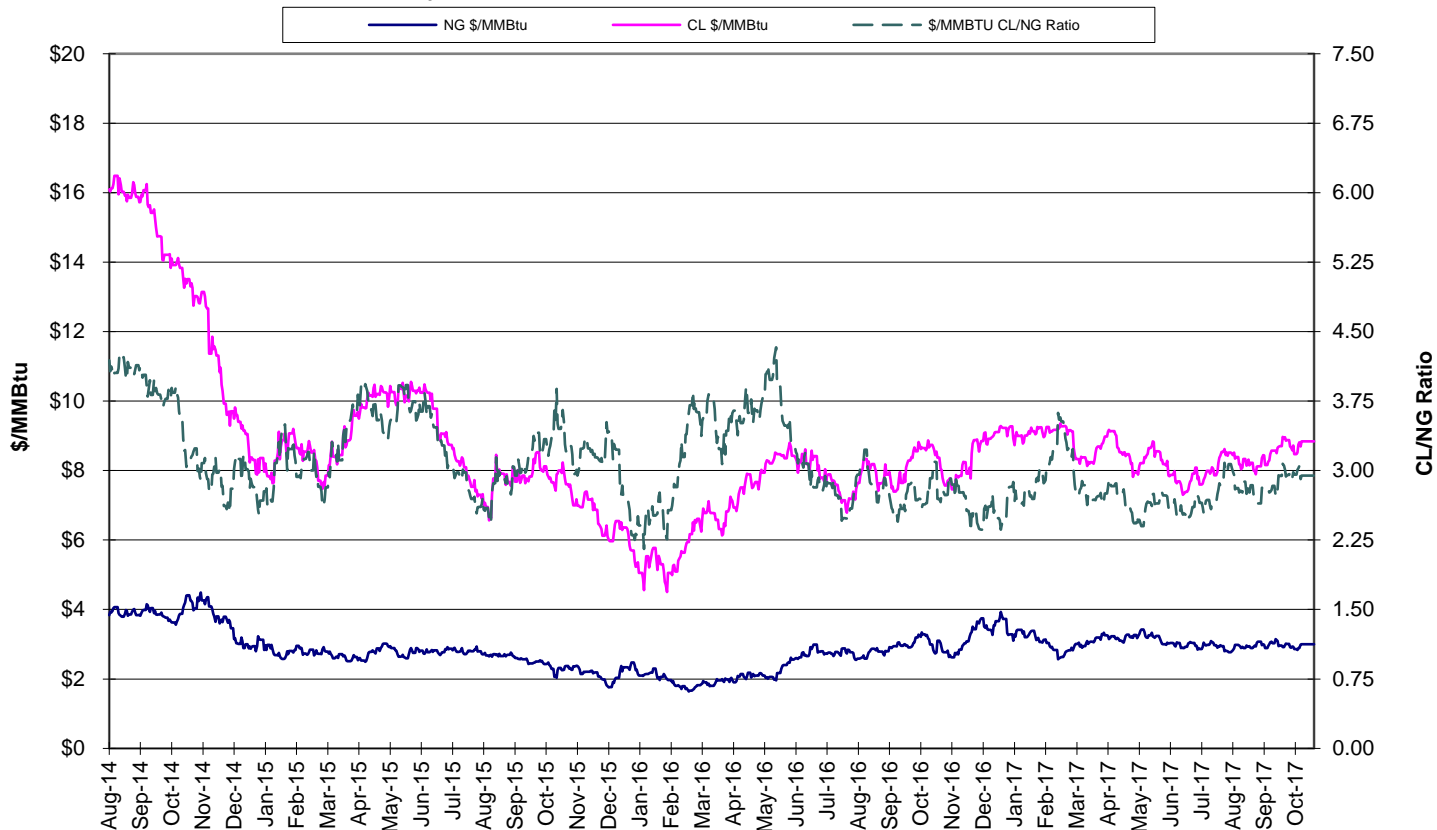
**Supply Trends:** Total supply fell (0.3) bcf to 73.6 bcf/d. Canadian imports rose while LNG exports fell. US production fell while Mexican exports rose. LNG imports were unchanged. The US Baker Hughes rig count fell 8 with both oil and natural gas activity lower. The total US rig count now stands at 928. The Canadian rig count rose 3 to 212. Thus, the total North American rig count fell 5 to 1,140 and now exceeds last year by 436. **The higher efficiency US horizontal rig count fell 6 to 786 and rises 355 above last year.**

**Demand Trends:** Total demand fell 7.3 bcf/d to 62.3 bcf/d. Higher R&C demand was easily overcome by lower power and industrial demand. Electricity demand fell 4,397 gigawatt-hrs to 74,293 which exceeds last year by 1,552 (2.1%) and the 5-year average by 1,859 (2.6%).

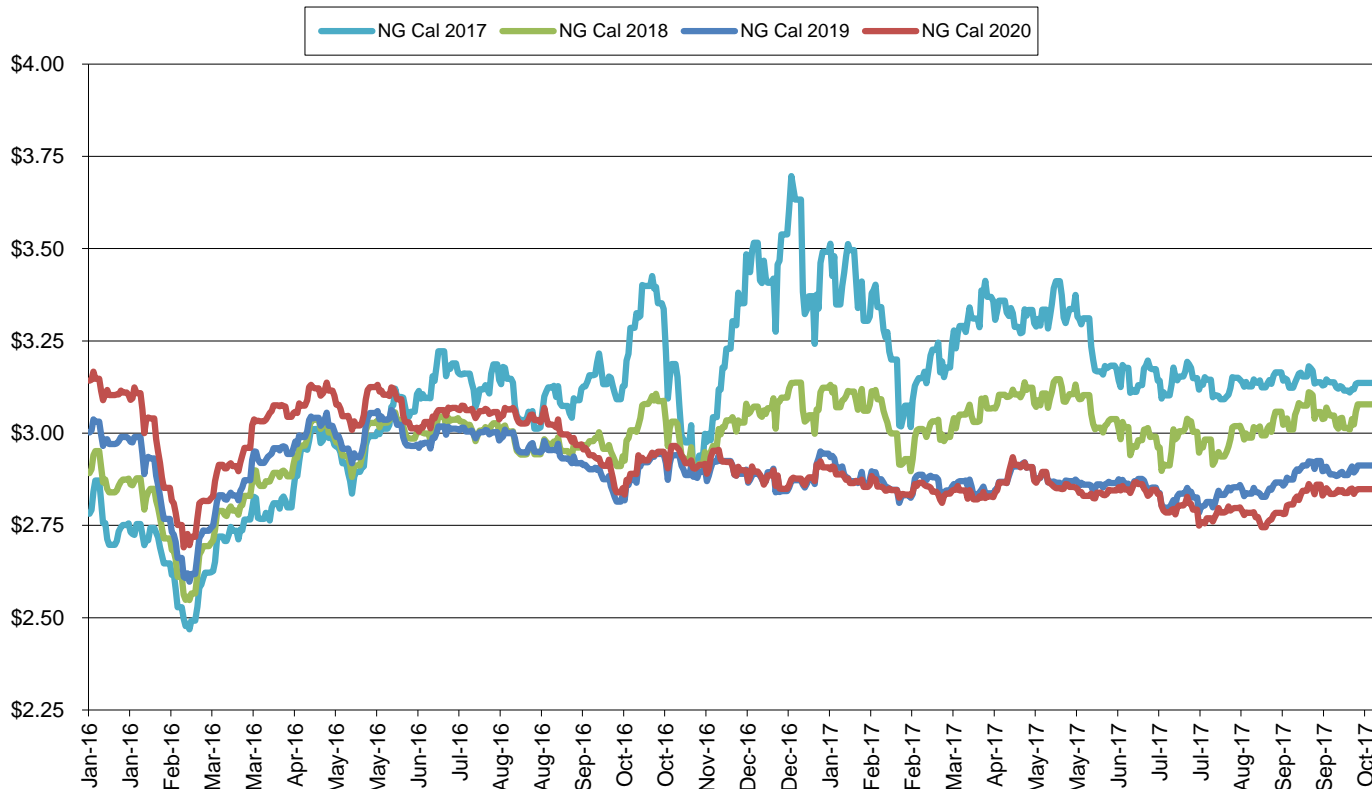
**Nuclear Generation:** Nuclear generation fell 723 MW in the reference week to 89,696 MW. This is 7,567 MW higher than last year and 5,644 MW higher than the 5-year average. **Recent output was at 84,856 MW.**

- The cooling season is entering its final weeks. With a forecast through October 20, the 2017 total cooling index is at 4,781 compared to 5,496 for 2016, 4,402 for 2015, 3,451 for 2014, 4,811 for 2013, 7,212 for 2012 and 6,709 for 2011.

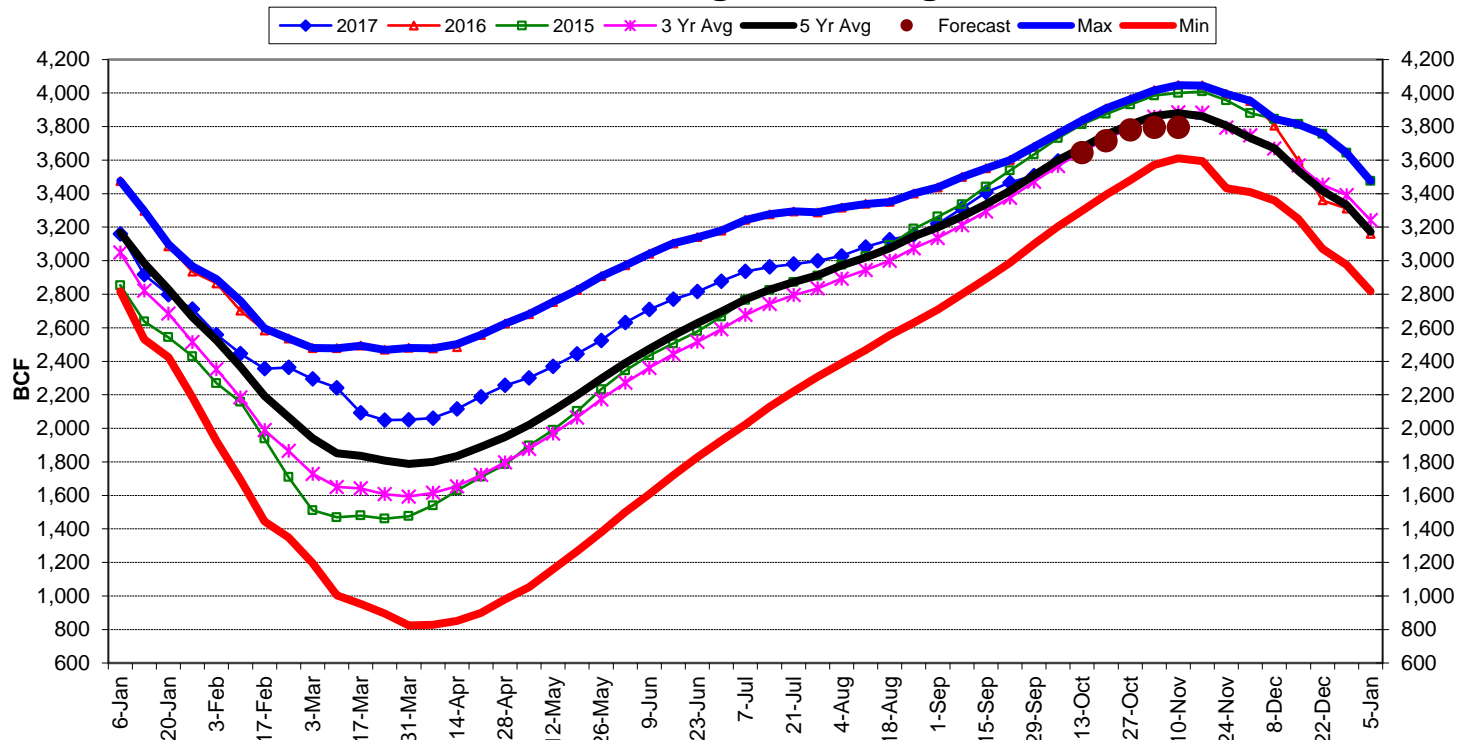
## \$/MMBtu Ratio of NYMEX CL and NG



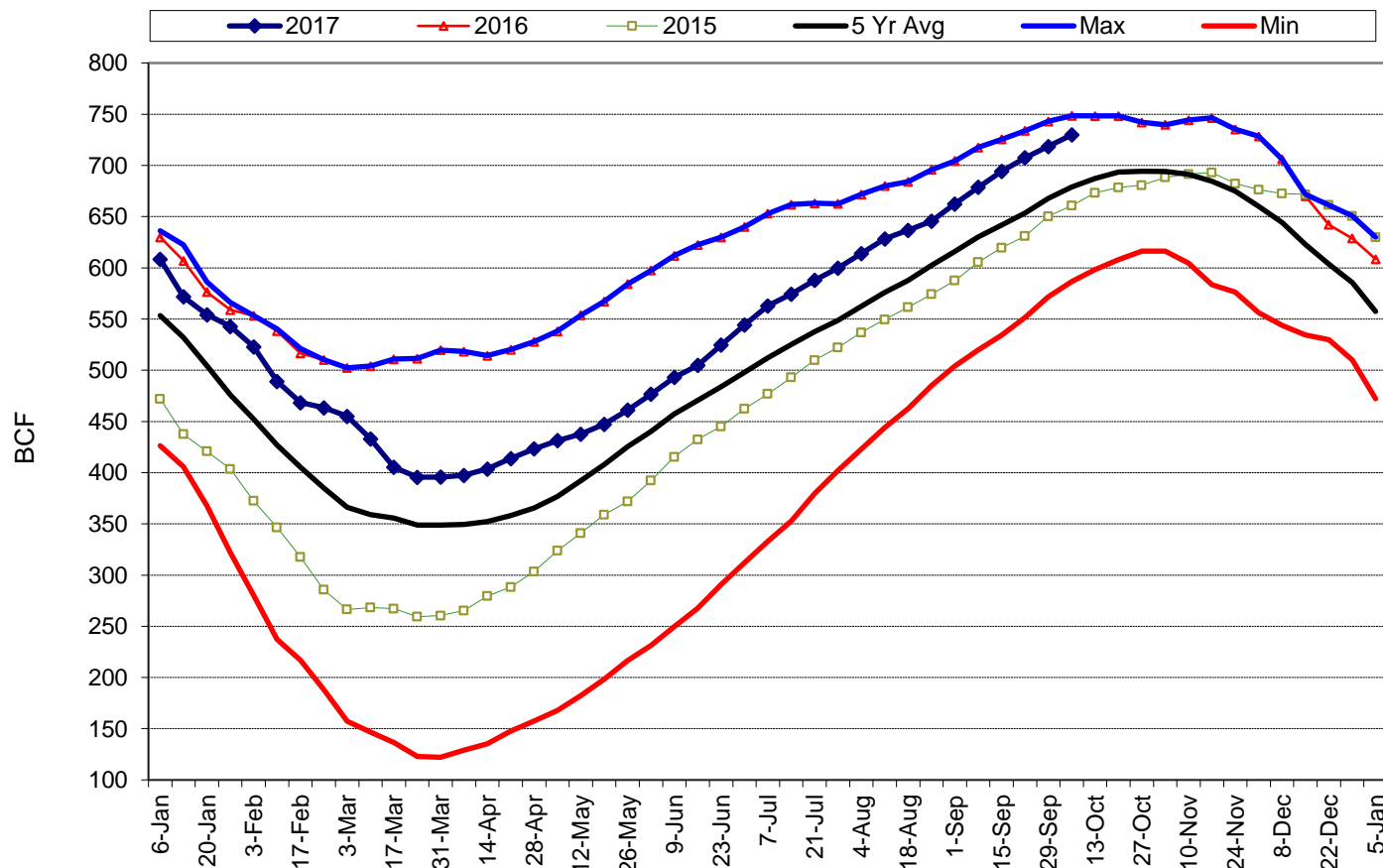
## NYMEX Calendar Strips



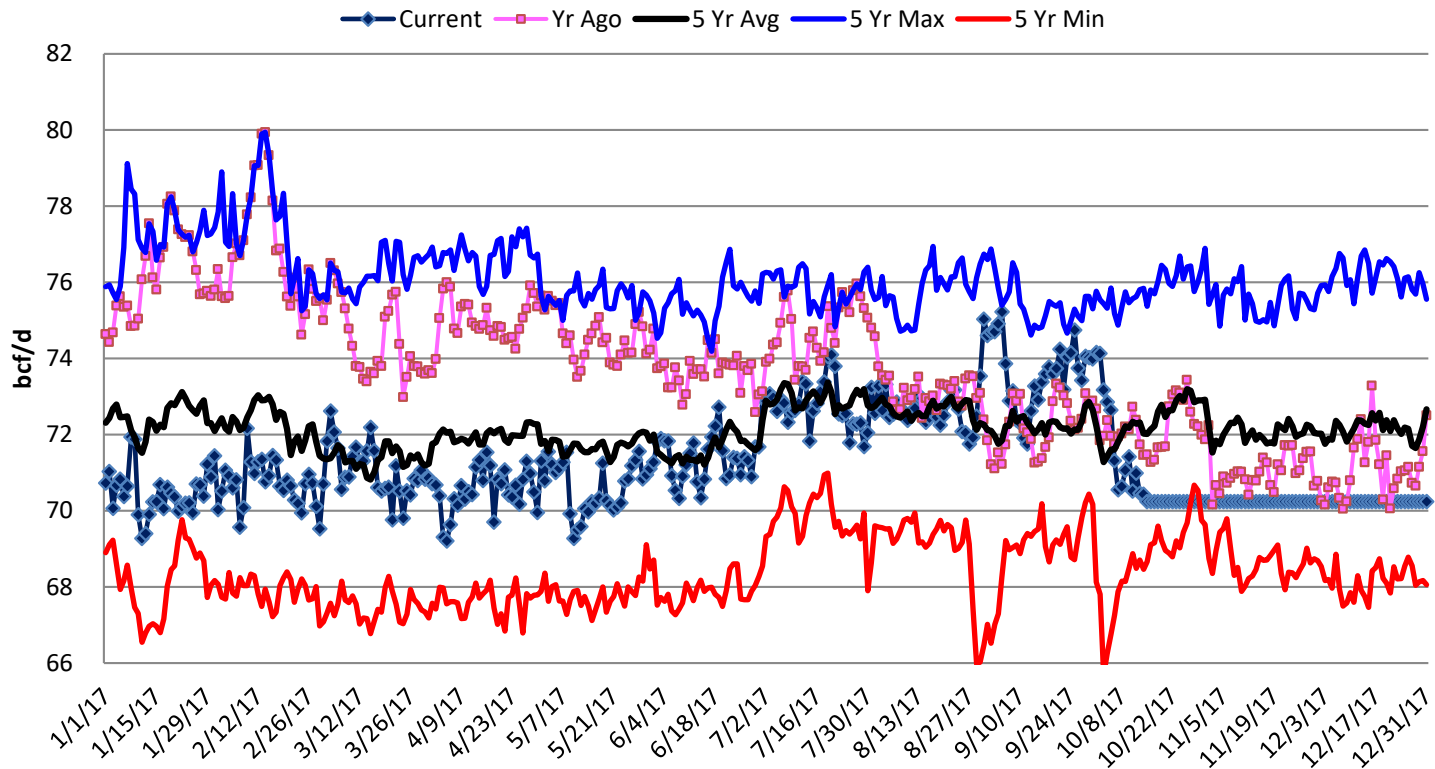
## US Total Working Gas Storage - Source - EIA



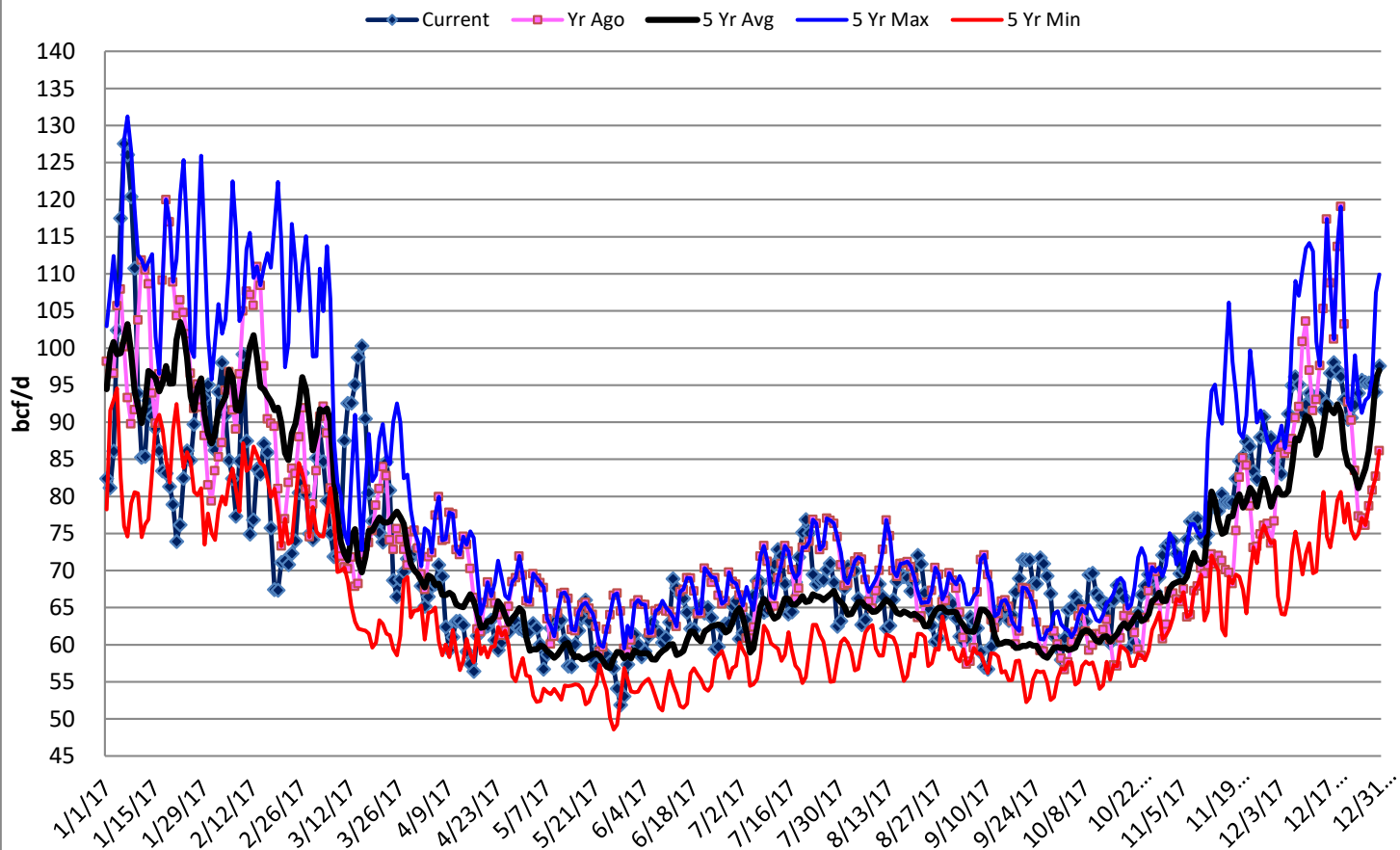
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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