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*Week Ending November 10, 2017*

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

**Price Action:** The December contract rose 22.9 cents (7.7%) to \$2.984 on a 17.3 cent range.

**Price Outlook:** After a rare inside week last week, prices shot higher as weather forecasts turned bullish and the EIA reported a weekly injection well below last year and the 5-year average. Expanding storage deficits are historically bullish market factors. Even though US production is reaching new record levels, exports are also near records and demand is very strong in both absolute and temperature adjusted terms. **The current 15-day forecast is warmer than 4 of the previous 10 years.** CFTC data was not released due to Veterans Day. Aggregated CME futures open interest fell to 1.336 million as of November 10. Open interest in the February \$4.00 call rose 11,164 to 84,723. Open interest in the March \$4.00 call rose 1,348 to 84,099. Open interest in the December \$2.50 put fell 4,440 to 59,121.

**Weekly Storage:** US working gas storage for the week ending November 3 indicated a working gas storage injection of +15 bcf. Working gas inventories rose to 3,790 bcf. Current inventories fall (227) bcf (5.7%) below last year and (73) bcf (1.9%) below the 5-year average.

**Storage Outlook:** Our EIA weekly storage estimate was mathematically 1 bcf smaller than the actual EIA implied flow and is within our tolerance range. The 5-week summation of our error remained at 12 bcf and is also within our tolerance. The EIA has reported a net implied flow of +282 bcf over the last 5 weeks compared to our estimated +270 bcf. The latest inventory of 3,790 bcf should represent the peak for 2017. The forecasts use a 10-year rolling temperature profile past the 15-day forecast.

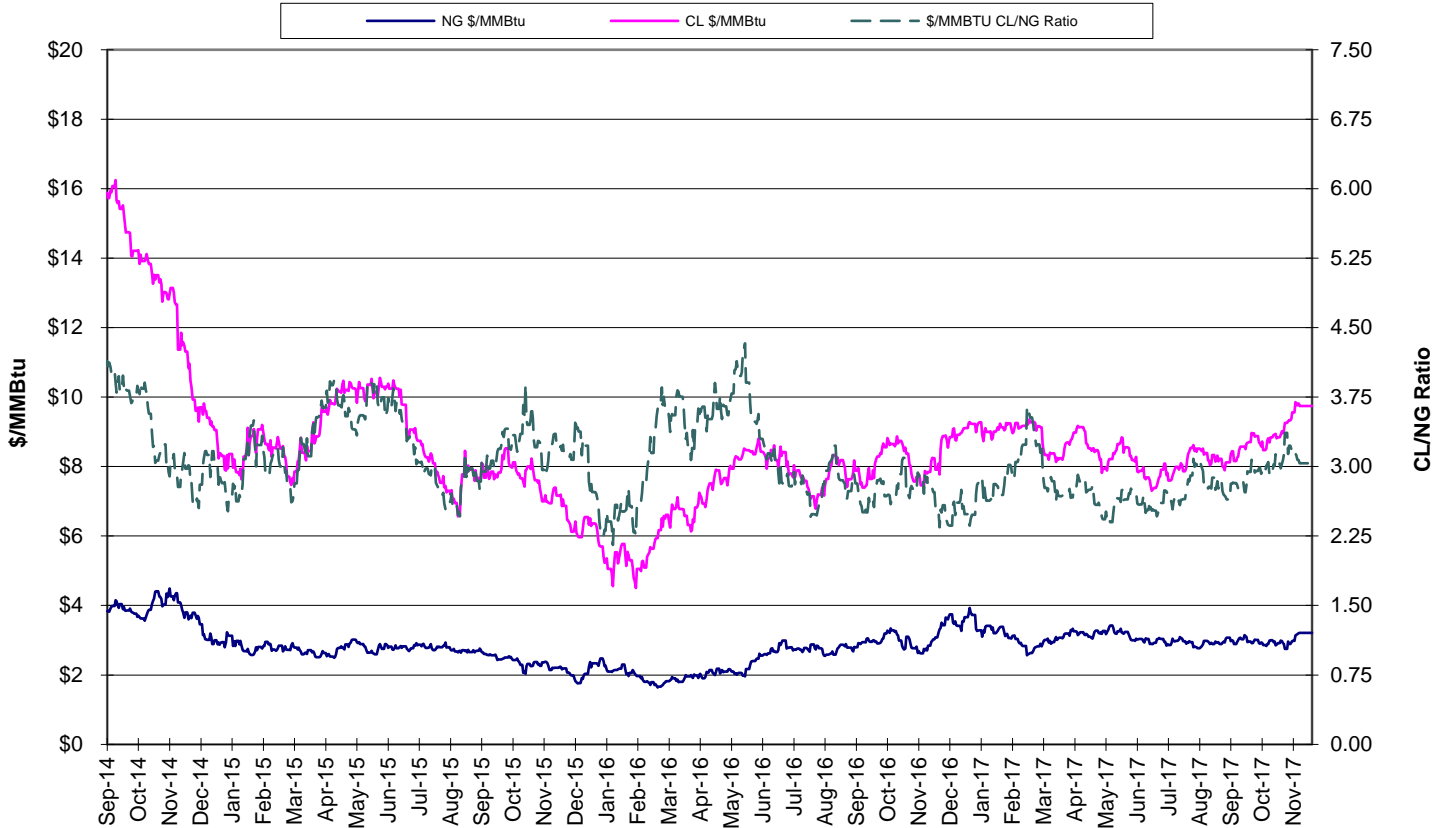
**Supply Trends:** Total supply rose +0.7 bcf to 73.5 bcf/d. US production rose and Mexican exports and LNG exports slipped. Canadian imports fell. LNG imports were unchanged. The US Baker Hughes rig count rose 9 as oil activity rose with natural gas unchanged. The total US rig count now stands at 907. The Canadian rig count rose 11 to 203. Thus, the total North American rig count rose 20 to 1,110 and now exceeds last year by 366. **The higher efficiency US horizontal rig count rose 12 to 776 and rises 319 above last year.**

**Demand Trends:** Total demand rose 7.6 bcf/d to 71.3 bcf/d. Higher R&C and industrial demand offset lower power consumption. Electricity demand rose 1,419 gigawatt-hrs to 70,053 which exceeds last year by 301 (0.5%) and the 5-year average by 904 (1.3%).

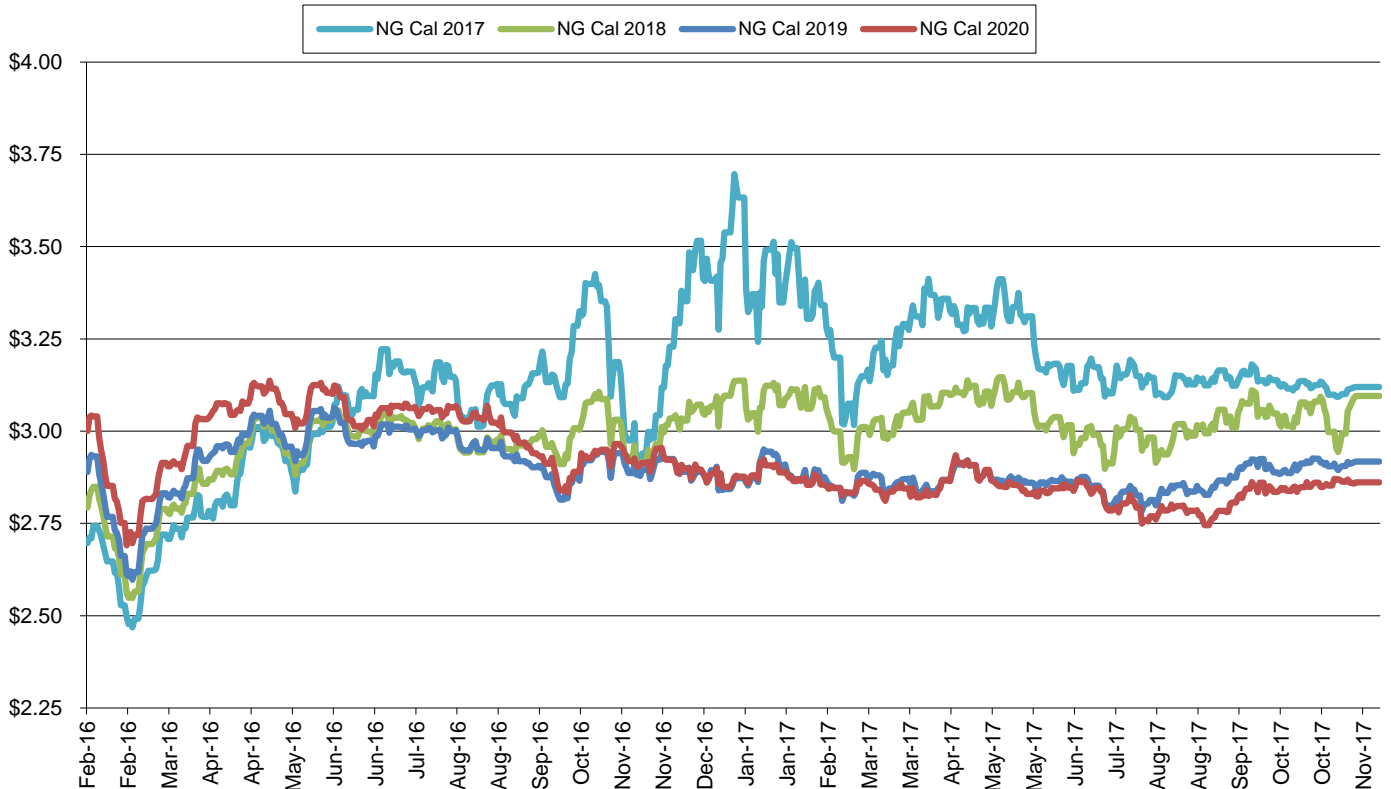
**Nuclear Generation:** Nuclear generation fell 1,281 MW in the reference week to 84,1802 MW. This is 5,078 MW higher than last year and 5,336 MW higher than the 5-year average. **Recent output was at 84,572 MW.**

- The heating season has begun. With a forecast through November 24, the 2018 total heating index is at 331 compared to 186 for 2017, 240 for 2016, 399 for 2015, 372 for 2014, 381 for 2013, 322 for 2012 and 325 for 2011.

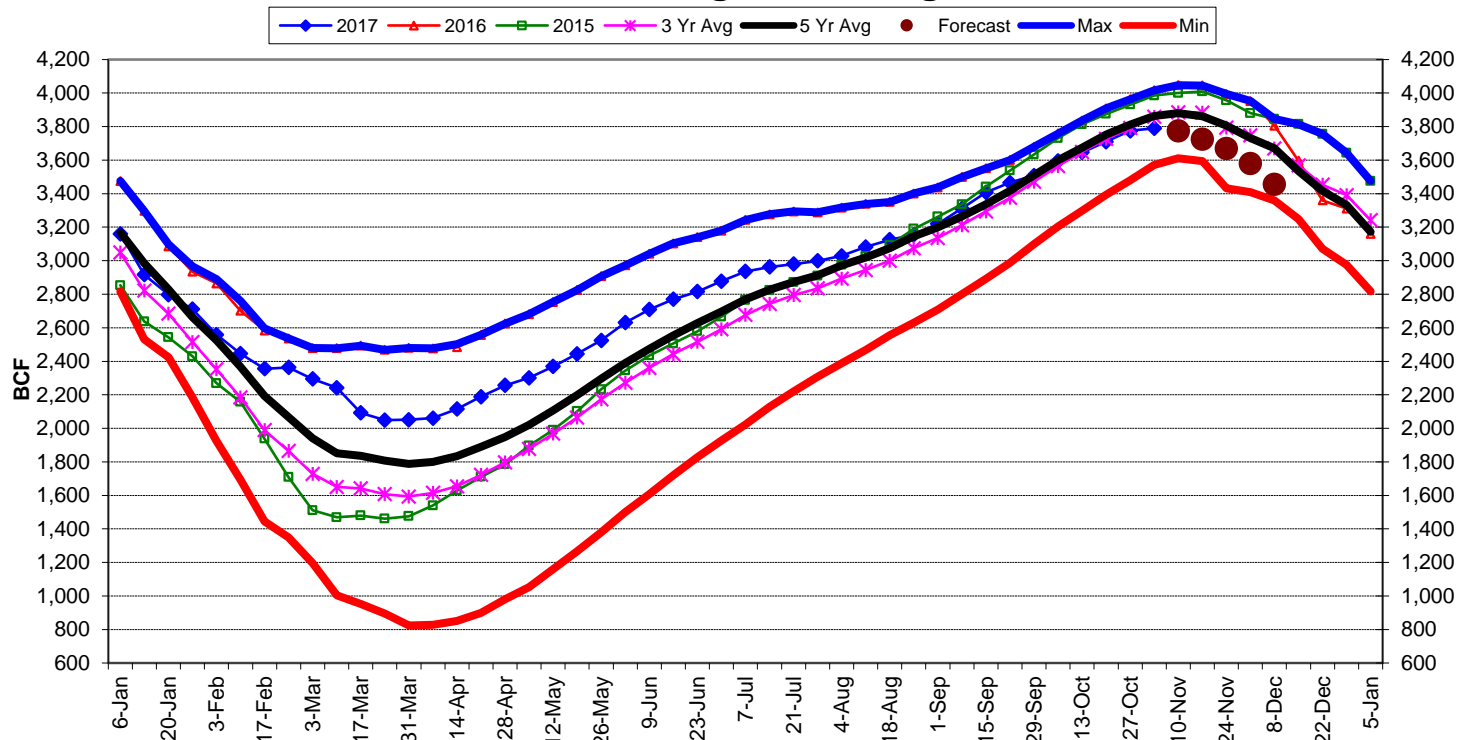
## \$/MMBtu Ratio of NYMEX CL and NG



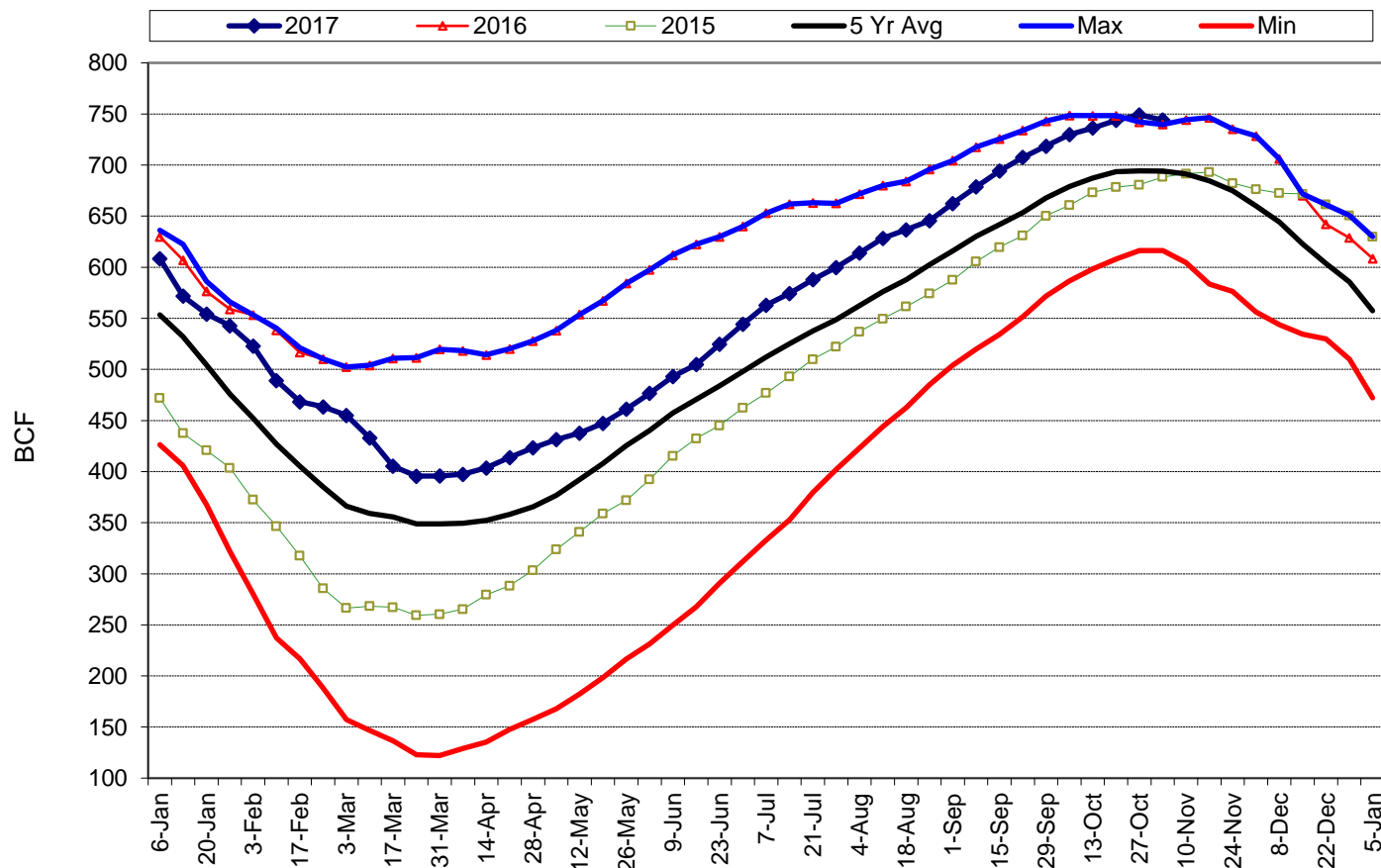
## NYMEX Calendar Strips



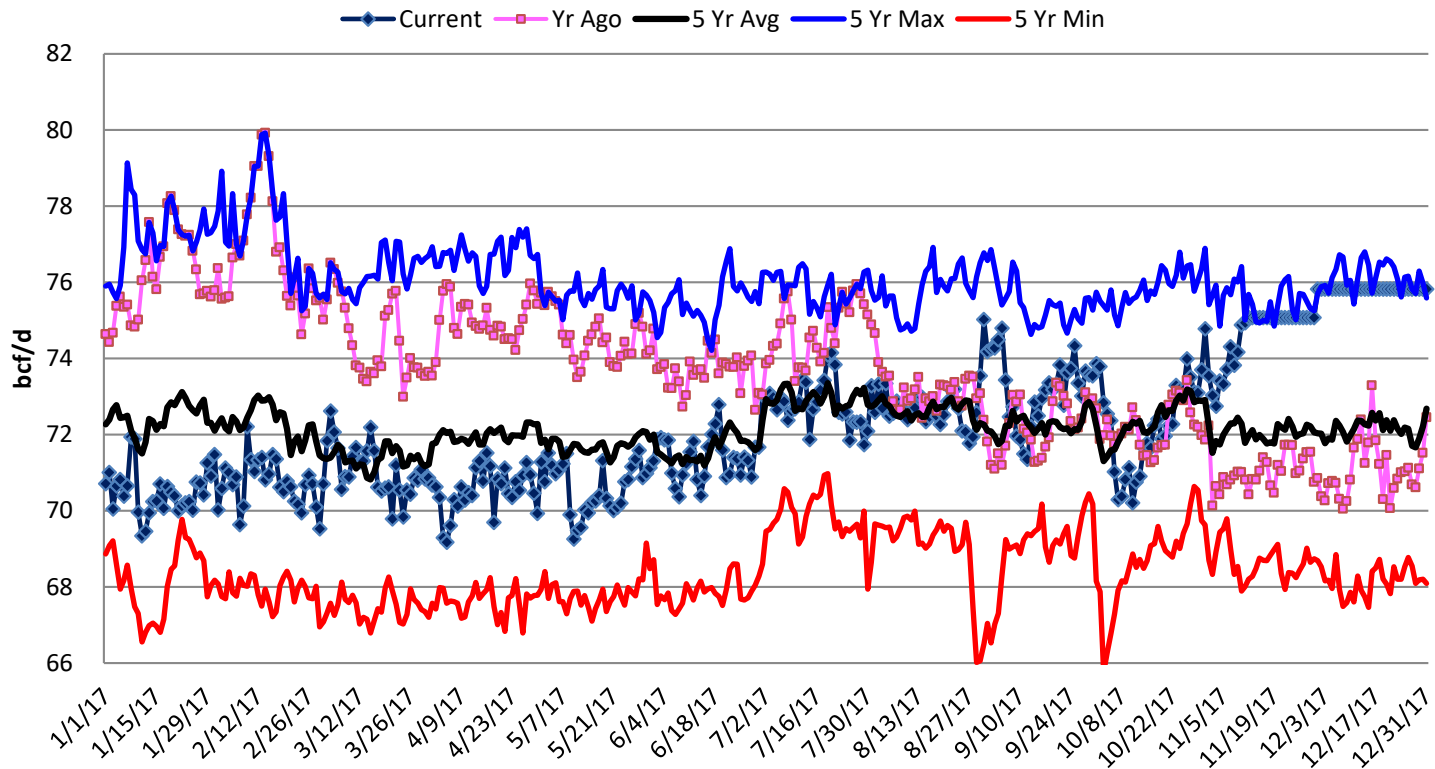
## US Total Working Gas Storage - Source - EIA



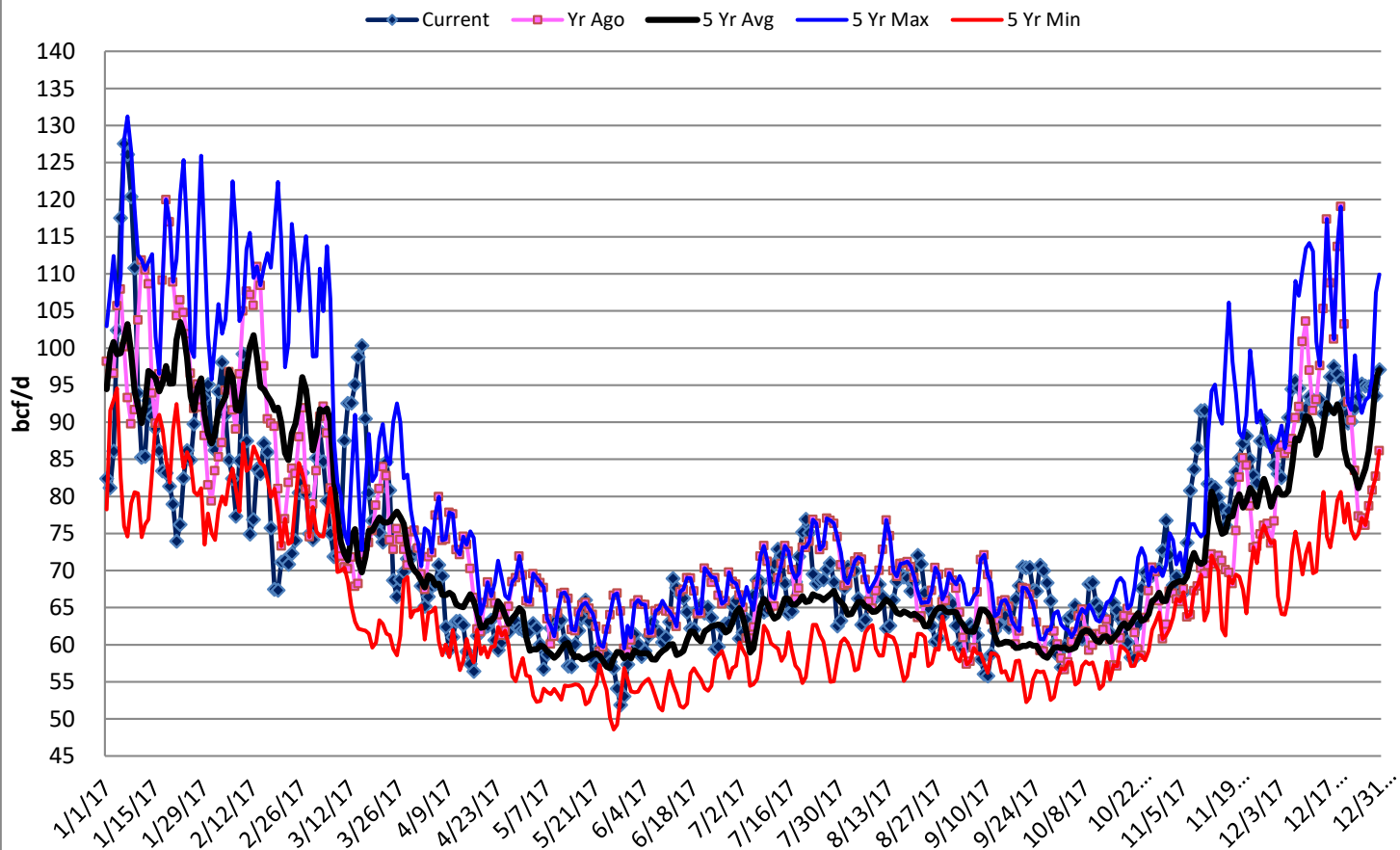
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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