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***Week Ending February 23, 2018***

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

**Price Action:** The March contract rose 6.7 cents (2.6%) to \$2.625 on a 12.5 cent range (\$2.680/\$2.555).

**Price Outlook:** The market rebounded as Mother Nature was much less bearish than last week and the EIA reported a withdrawal well above expectations. Weather forecasts only added about 3 bcf to storage projections, compared to the over 100 bcf addition last week. For daily updated storage projections, subscribe to our joint publication with RBN Energy. The current 15-day forecast is warmer than 7 of the previous 10 years. CFTC data indicated a (22,424) contract reduction in the managed money net long position as longs liquidated and shorts added. The net position is the smallest since January 9, 2018. This is the smallest long position since December 27, 2016. Total open interest fell (7,226) to 3.774 million as of February 20. Aggregated CME futures open interest fell to 1.342 million as of February 23, the lowest since November 14, 2017. Open interest in the April \$4.00 call rose +4,230 to 54,157. Open interest in the April \$3.00 call rose +851 to 52,896. Open interest in the April \$2.50 put fell rose +711 to 44,833.

**Weekly Storage:** US working gas storage for the week ending February 16 indicated a withdrawal of (124) bcf. Working gas inventories fell to 1,760 bcf. Current inventories fall (596) bcf (-25.3%) below last year and fall (429) bcf (-19.6%) below the 5-year average.

**Storage Outlook:** Our EIA weekly storage estimate was (8) bcf from the actual EIA implied flow and again outside our tolerance as the deviation to the base model remained. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

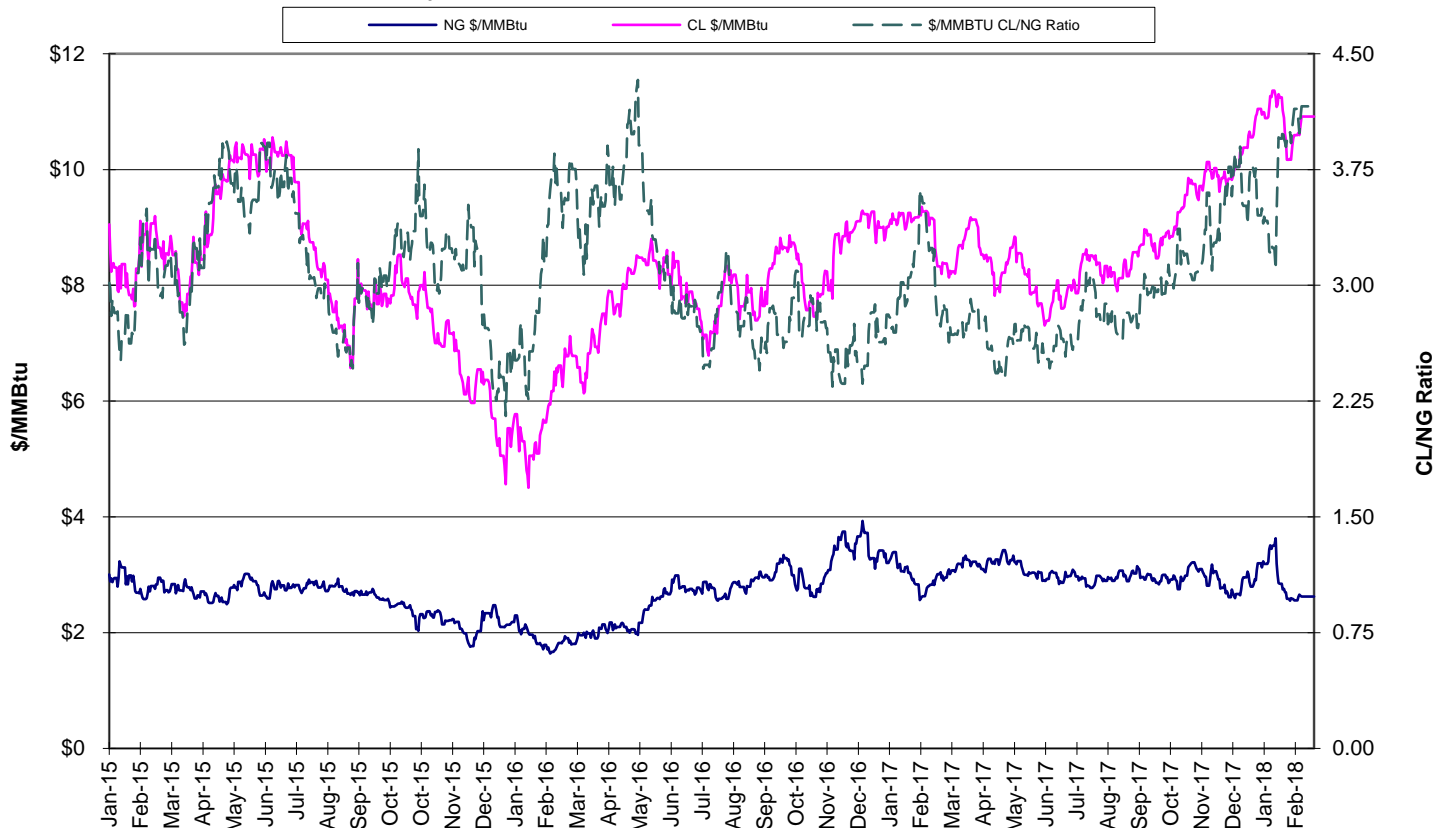
**Supply Trends:** Total supply fell (0.7) bcf/d to 75.5 bcf/d. US production fell. Canadian imports fell. LNG imports exports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +3. Oil activity increased +1. Natural gas activity increased +2. The total US rig count now stands at 978. The Canadian rig count fell (12) to 306. Thus, the total North American rig count fell (9) to 1,284 and now exceeds last year by +189. The higher efficiency US horizontal rig count rose +3 to 842 and rises +218 above last year.

**Demand Trends:** Total demand fell (11.6) bcf/d to +89.7 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (4,133) gigawatt-hrs to 75,312 which exceeds last year by +2,974 (4.1%) and trails the 5-year average by (3,222) (-4.1%).

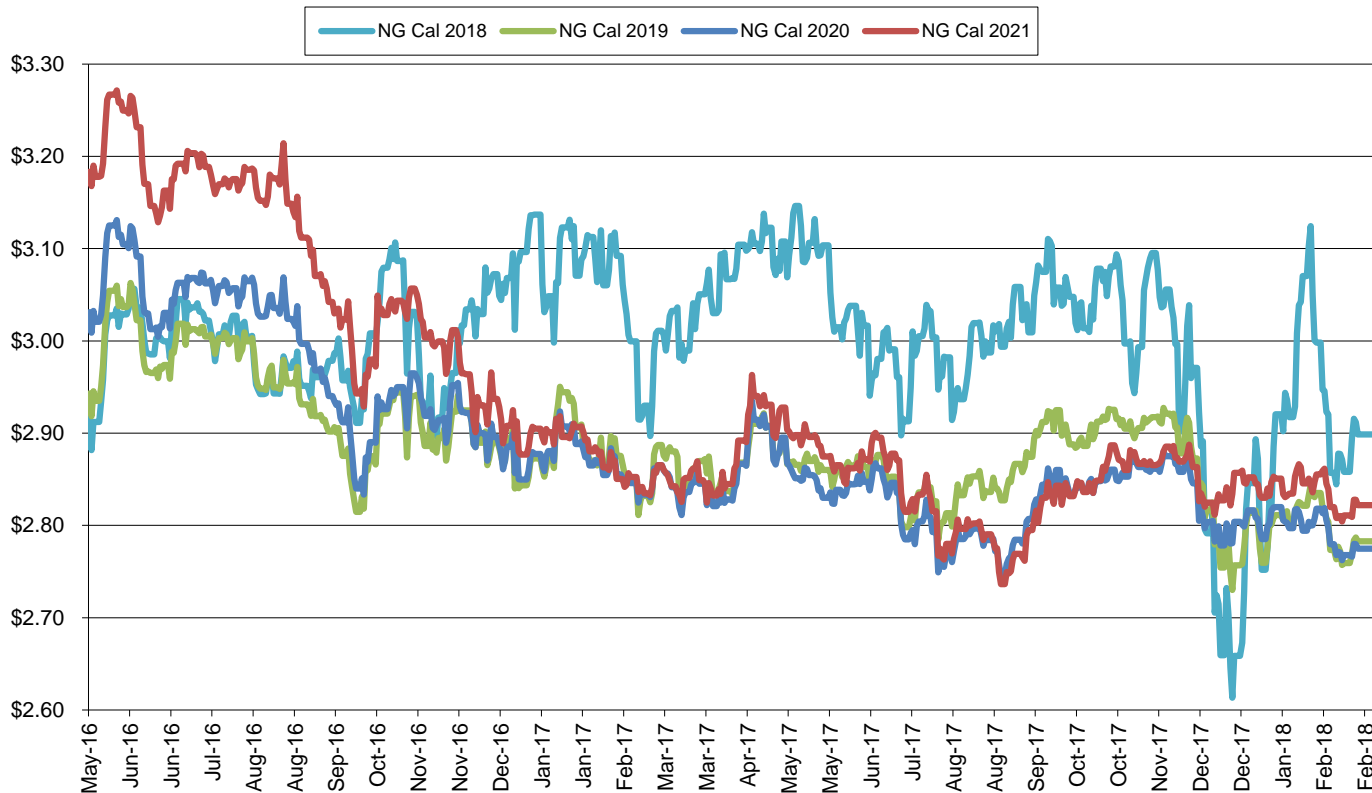
**Nuclear Generation:** Nuclear generation fell (141) MW in the reference week to 94,542 MW. This is +3,142 MW higher than last year and +3,840 MW higher than the 5-year average. Recent output was at 90,930 MW.

- The heating season is now well past its midpoint. With a forecast through March 9 the 2018 total heating index is at 2,396 compared to 2,001 for 2017, 2,078 for 2016, 2,539 for 2015, 2,748 for 2014, 2,489 for 2013, 2,347 for 2012 and 2,727 for 2011.

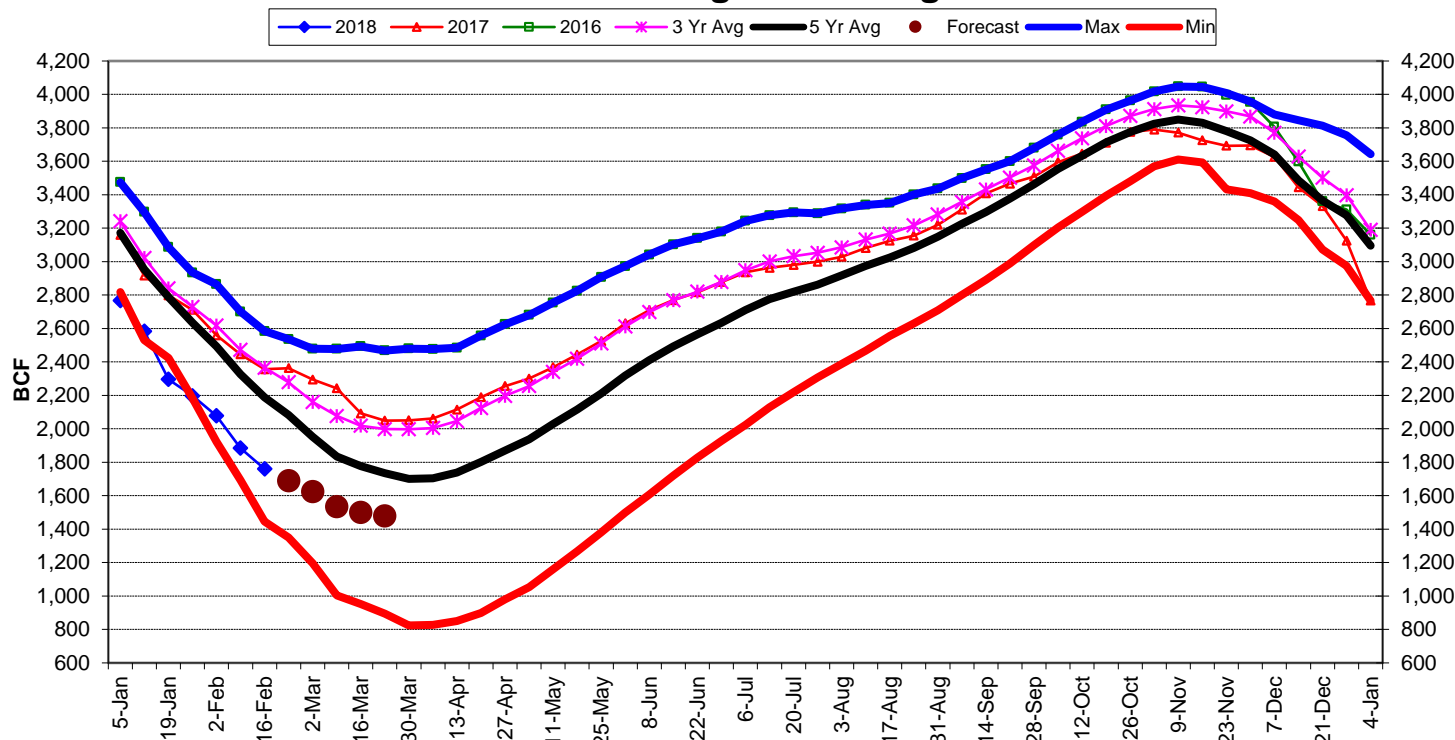
## \$/MMBtu Ratio of NYMEX CL and NG



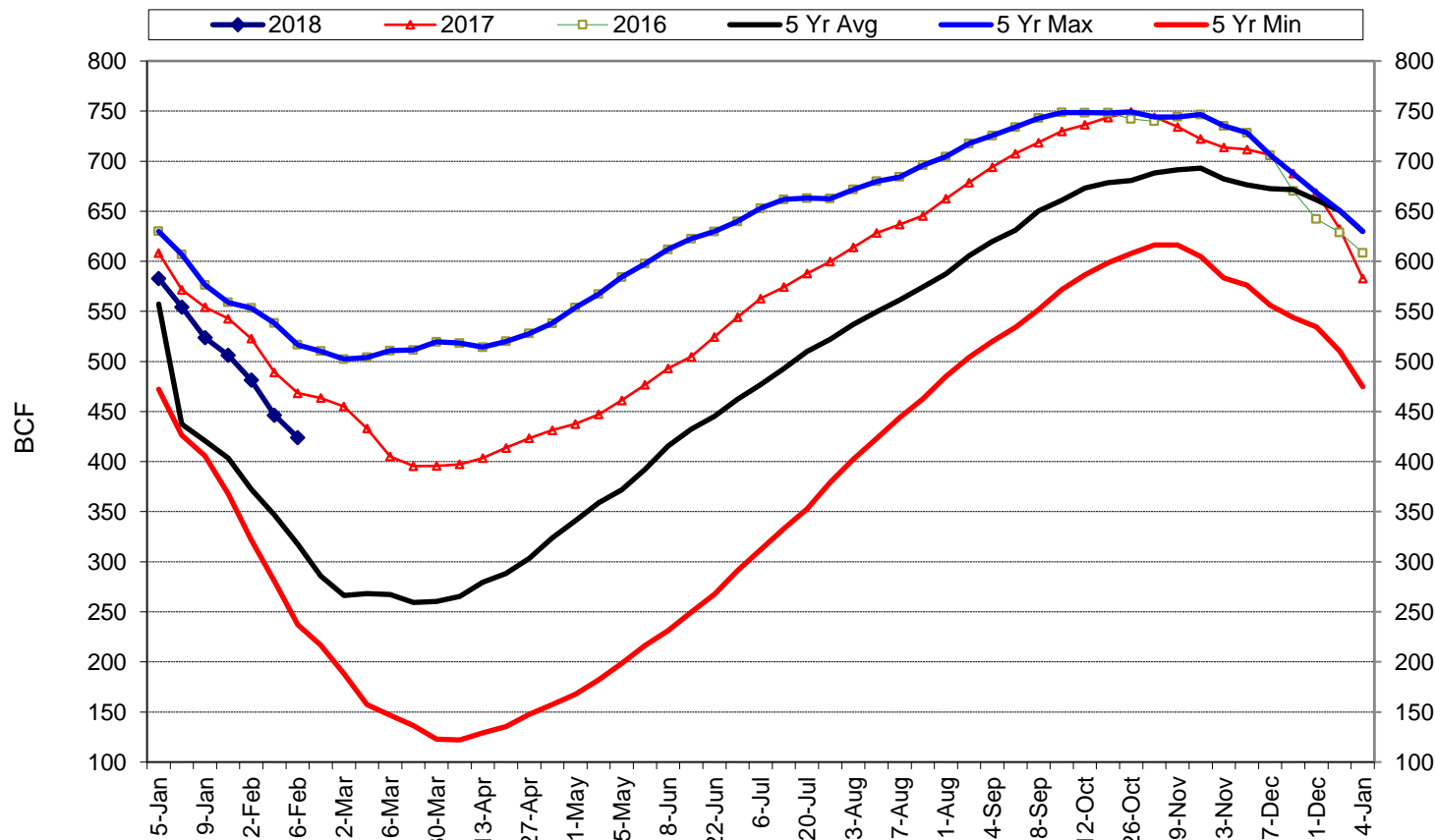
## NYMEX Calendar Strips



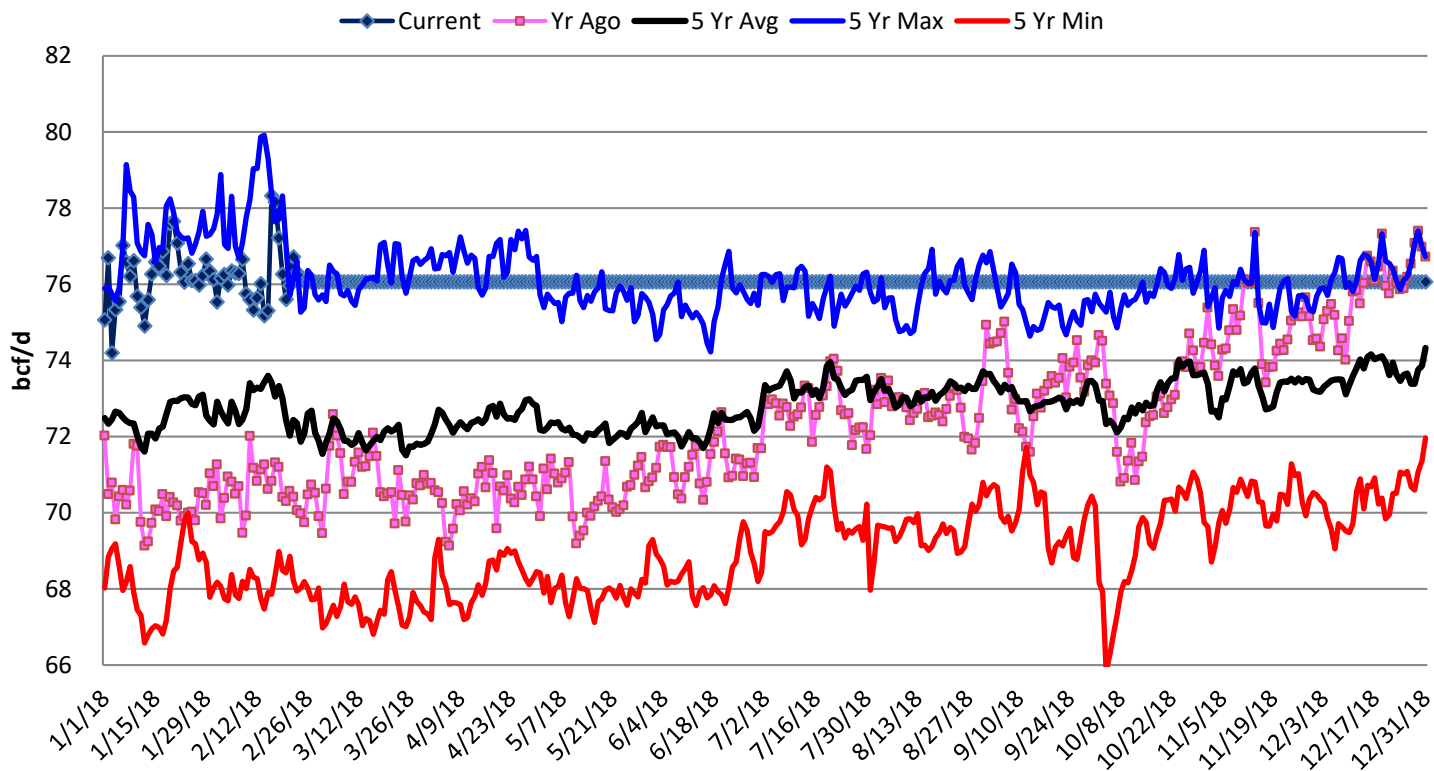
## US Total Working Gas Storage - Source - EIA



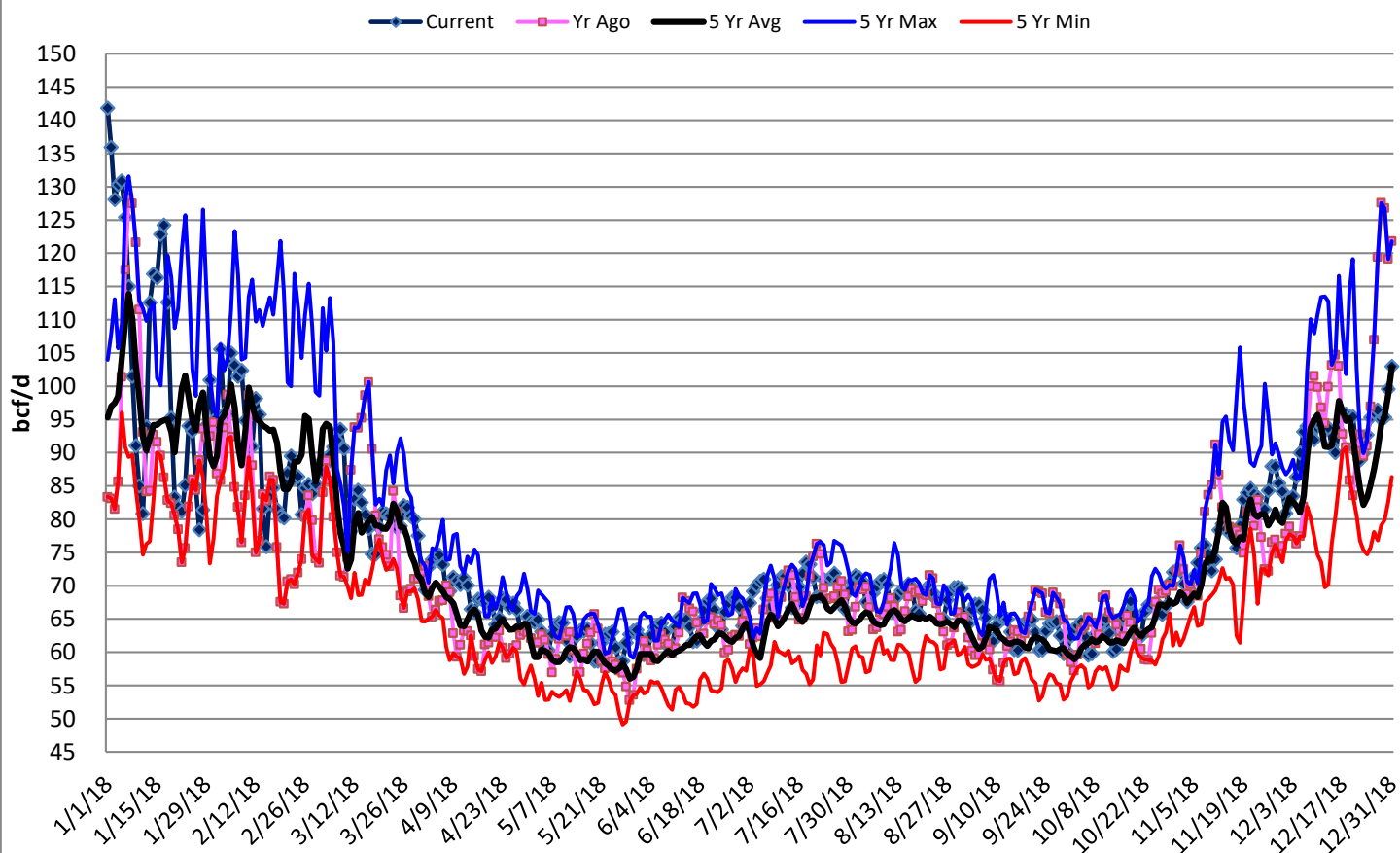
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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