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***Week Ending March 2, 2018***

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

**Price Action:** The April contract rose 3.8 cents (1.4%) to \$2.695 on an 8.9 cent range (\$2.731/\$2.642).

**Price Outlook:** The market edged higher with below normal temperatures now forecast for mid-March. However, below normal temperatures in March do not generate the same demand as normal temperatures in January or early February and thus further price advances may be limited. Rather the market may chop back and forth near current levels until injection season begins in earnest. Weather forecasts subtracted 7 bcf from storage projections. 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 (57,291) contract reduction in the managed money net long position as longs liquidated and shorts covered. The net position is the smallest since January 2, 2018. This is the smallest long position since June 7, 2016. Total open interest fell (396,527) to 3.378 million as of February 27. Aggregated CME futures open interest rose to 1.359 million as of March 02. Open interest in the April \$3.00 call rose +5,530 to 59,687. Open interest in the April \$3.50 call rose +1,454 to 54,350. Open interest in the April \$2.50 put rose +2,344 to 47,117.

**Weekly Storage:** US working gas storage for the week ending February 23 indicated a withdrawal of (78) bcf. Working gas inventories fell to 1,682 bcf. Current inventories fall (681) bcf (-28.8%) below last year and fall (401) bcf (-19.2%) below the 5-year average.

**Storage Outlook:** : Our EIA weekly storage estimate was 4 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.

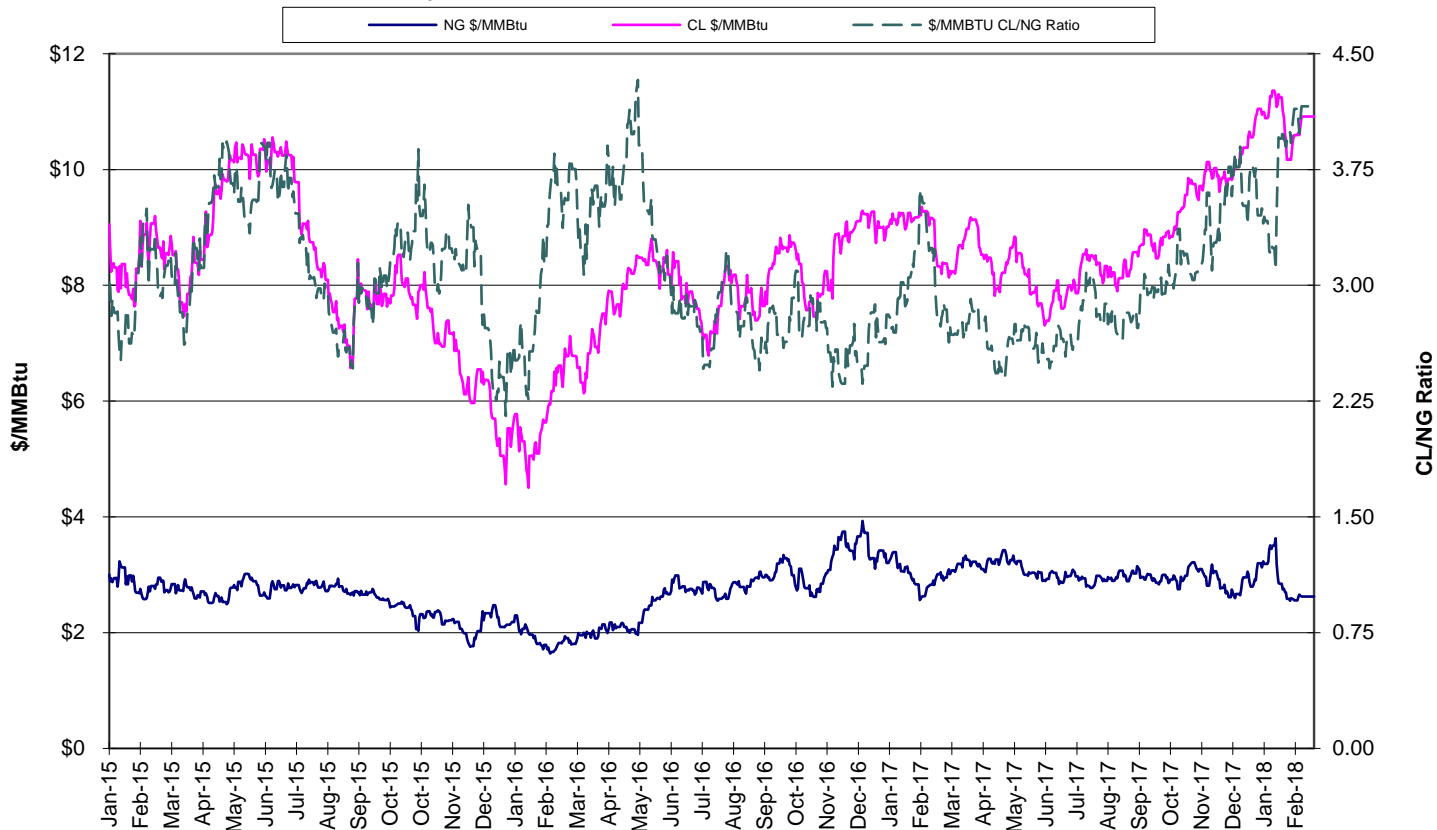
**Supply Trends:** Total supply rose 1.4 bcf/d to 77.2 bcf/d. US production rose. Canadian imports rose. LNG imports exports rose. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count rose +3. Oil activity increased +1. Natural gas activity increased +2. The total US rig count now stands at 981. The Canadian rig count fell (4) to 302. Thus, the total North American rig count fell (1) to 1,283 and now exceeds last year by +192. The higher efficiency US horizontal rig count rose +5 to 847 and rises +214 above last year. The EIA Monthly data indicated record US production in December.

**Demand Trends:** Total demand fell (5.5) bcf/d to +84.7 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand fell. Electricity demand fell (1,520) gigawatt-hrs to 73,792 which exceeds last year by +5,445 (8.0%) and trails the 5-year average by (1,406) (-1.9%). The EIA Monthly data indicated record US demand for a December.

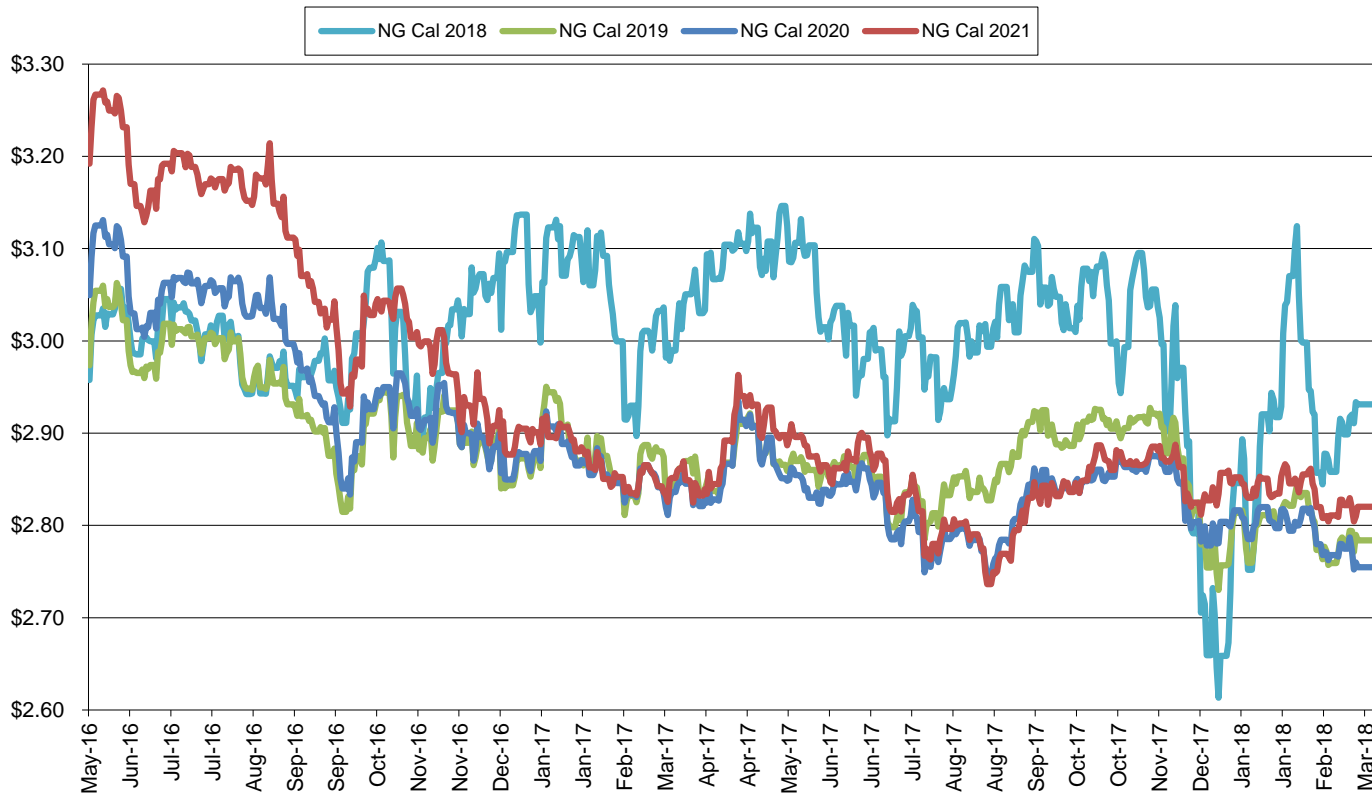
**Nuclear Generation:** Nuclear generation fell (4,227) MW in the reference week to 90,315 MW. This is (51) MW lower than last year and +1,468 MW higher than the 5-year average. Recent output was at 89,393 MW.

- The heating season is now well past its midpoint. With a forecast through March 16 the 2018 total heating index is at 2,506 compared to 2,121 for 2017, 2,101 for 2016, 2,597 for 2015, 2,848 for 2014, 2,598 for 2013, 2,399 for 2012 and 2,821 for 2011.

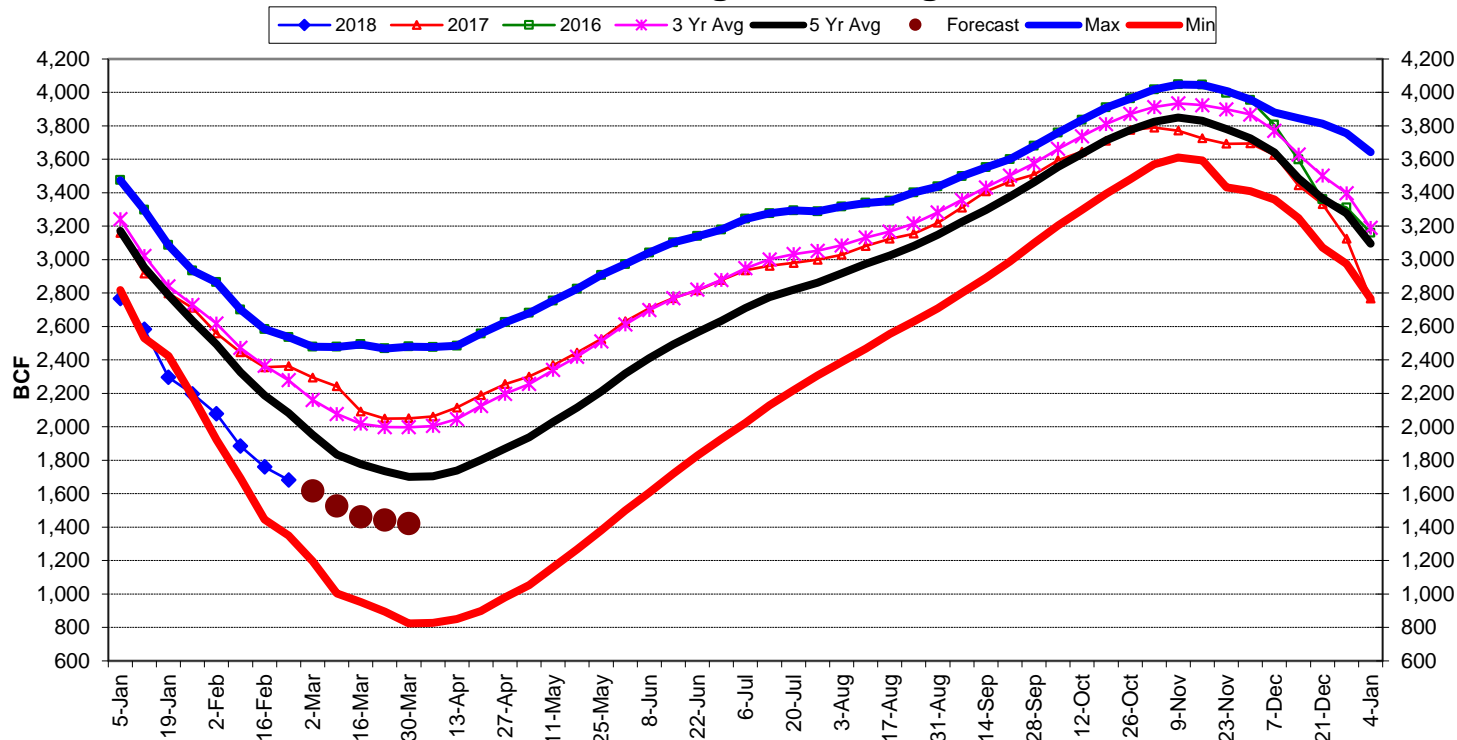
## \$/MMBtu Ratio of NYMEX CL and NG



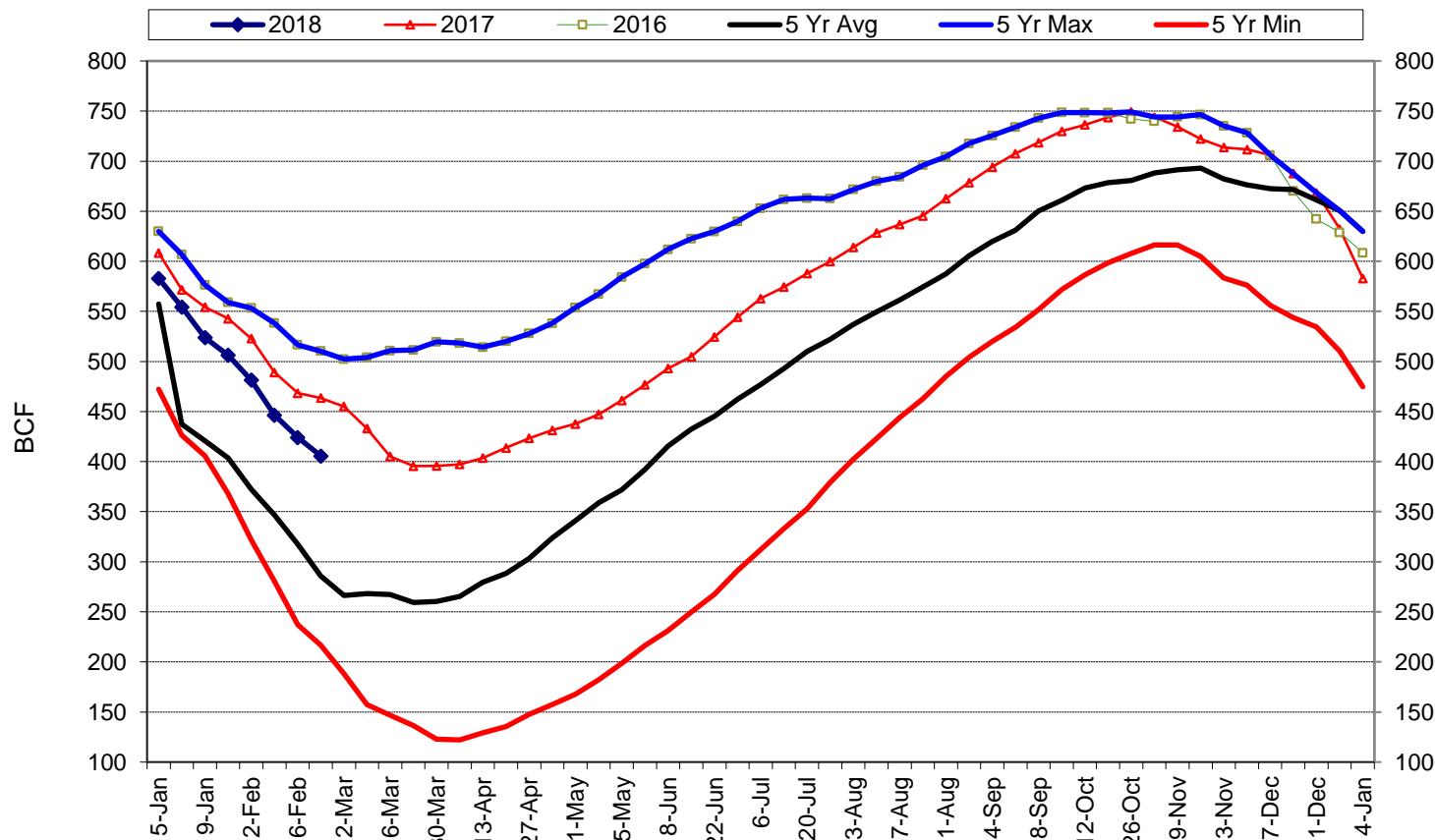
## NYMEX Calendar Strips



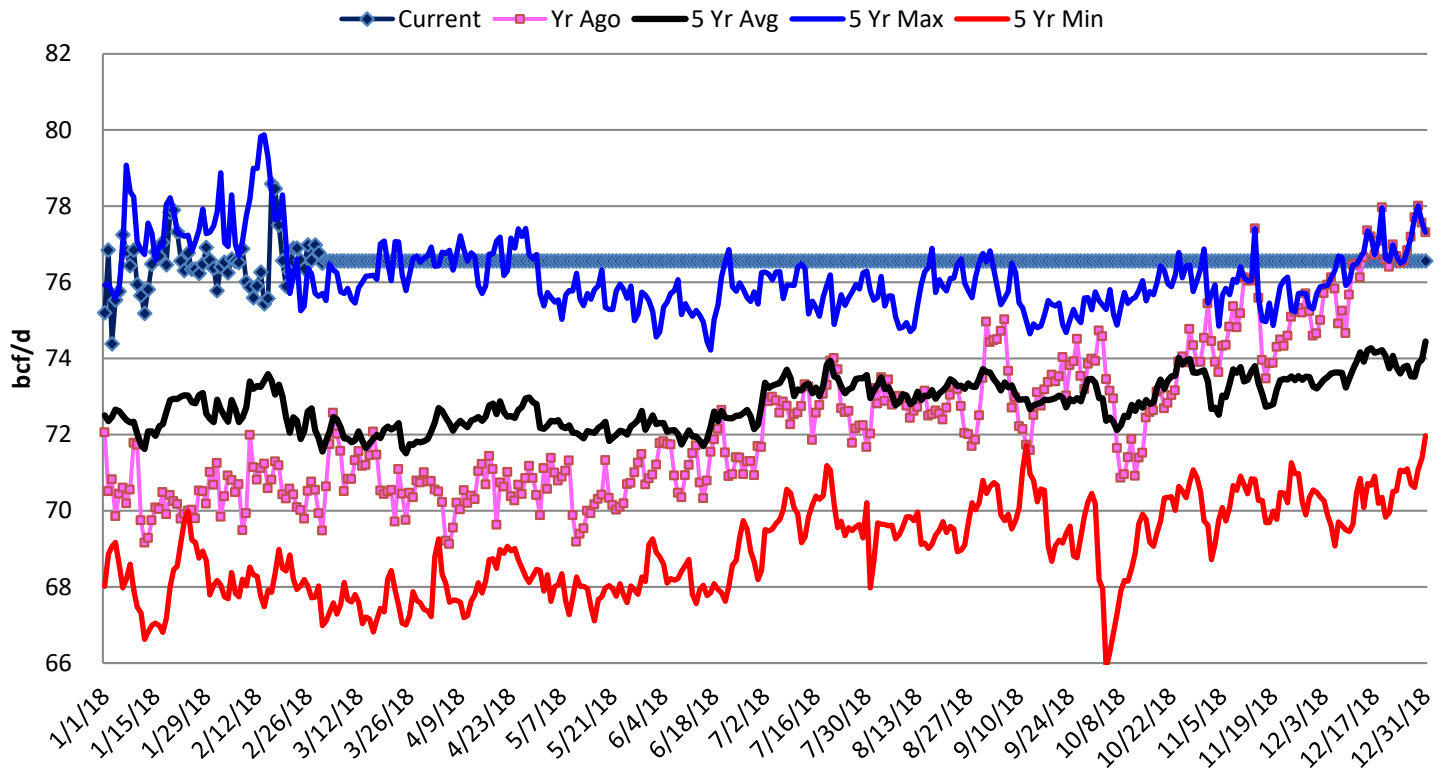
## US Total Working Gas Storage - Source - EIA



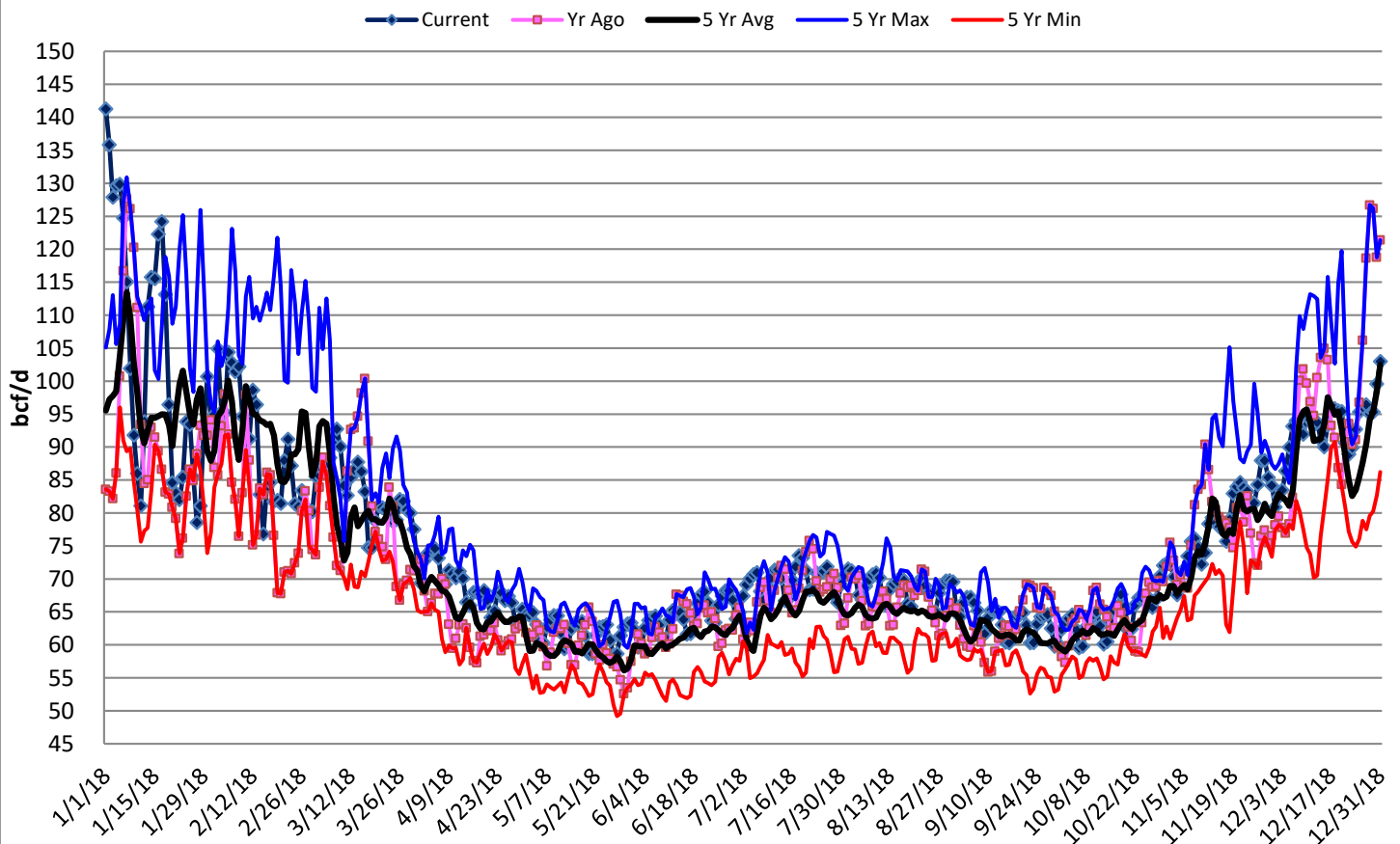
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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