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Week Ending March 16, 2018

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

Price Action: The April contract fell 4.4 cents (1.6%) to \$2.688 on a 14.7 cent range (\$2.811/\$2.664).

Price Outlook: The market slipped despite bullish weather forecasts as the EIA reported a smaller than expected withdrawal. Despite supportive weather outlook, the market may chop back and forth near current levels until injection season begins in earnest. Weather forecasts subtracted 10 bcf from storage projections. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** **The current 15-day forecast is cooler than 9 of the previous 10 years.** CFTC data indicated a 27,636 contract increase in the managed money net long position as longs added and shorts covered. Total open interest rose 86,421 to 3.525 million as of March 13. Aggregated CME futures open interest rose to 1.407 million as of March 16. Open interest in the April \$3.00 call rose +1,054 to 60,157. Open interest in the May \$3.00 call rose +15,270 to 55,033. Open interest in the April \$2.50 put rose +2,698 to 53,762.

Weekly Storage: US working gas storage for the week ending March 9 indicated a withdrawal of (93) bcf. Working gas inventories fell to 1,532 bcf. Current inventories fall (710) bcf (-31.7%) below last year and fall (302) bcf (-16.5%) 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.**

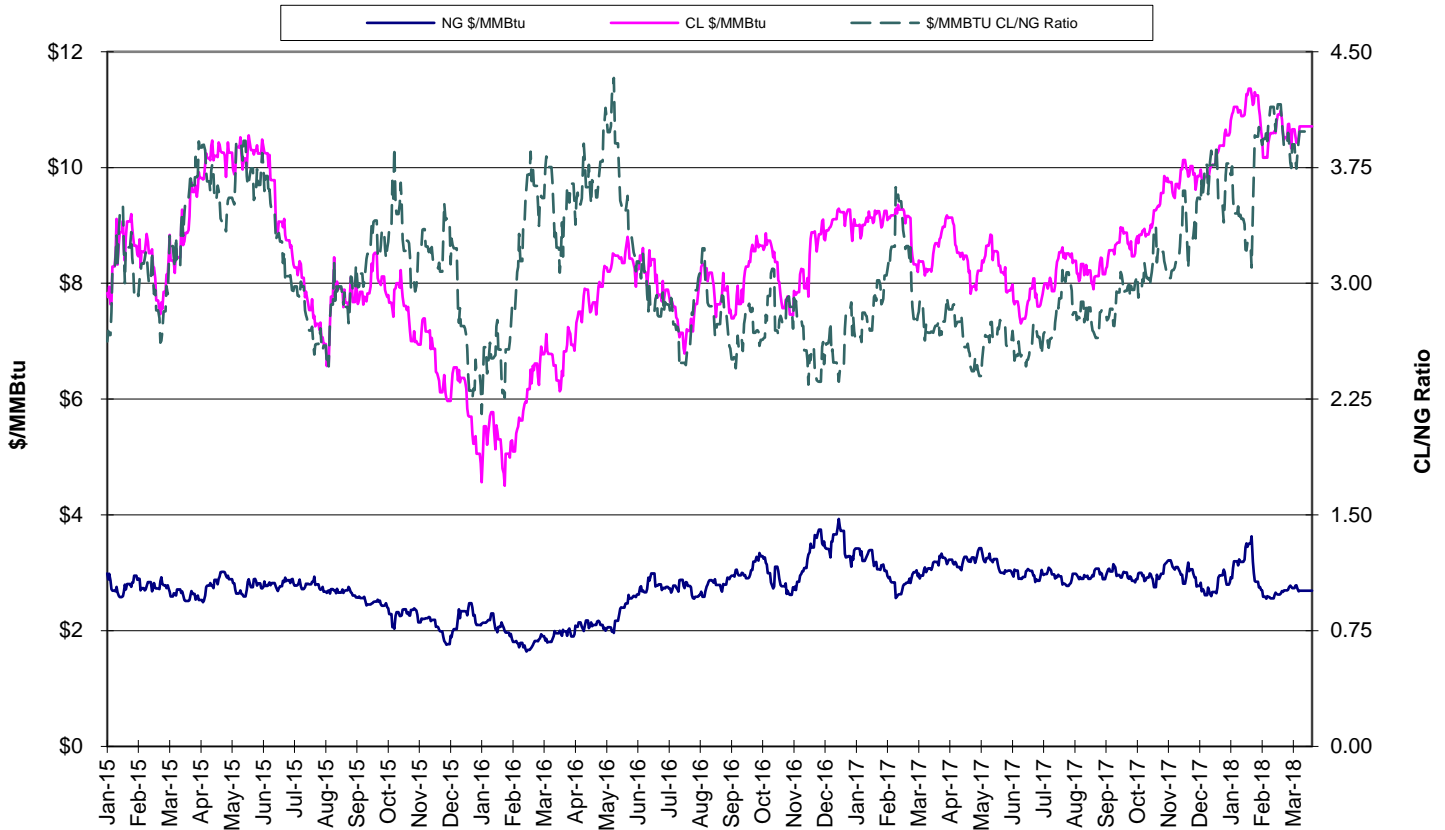
Supply Trends: Total supply rose 0.5 bcf/d to 77.2 bcf/d. US production rose. Canadian imports rose. LNG imports exports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count rose +6. Oil activity increased +4. Natural gas activity increased +1. The total US rig count now stands at 990. The Canadian rig count fell (54) to 219. Thus, the total North American rig count fell (48) to 1,209 and now exceeds last year by +144. **The higher efficiency US horizontal rig count rose +17 to 865 and rises +207 above last year. The EIA Drilling Productivity Report (DPR) continues to highlight incredible drilling efficiencies. Our weekly special topics report focuses on DPR details.**

Demand Trends: Total demand rose +5.3 bcf/d to +87.4 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +1,888 gigawatt-hrs to 73,613 which exceeds last year by +2,050 (2.9%) and exceeds the 5-year average by 286 (0.4%%).

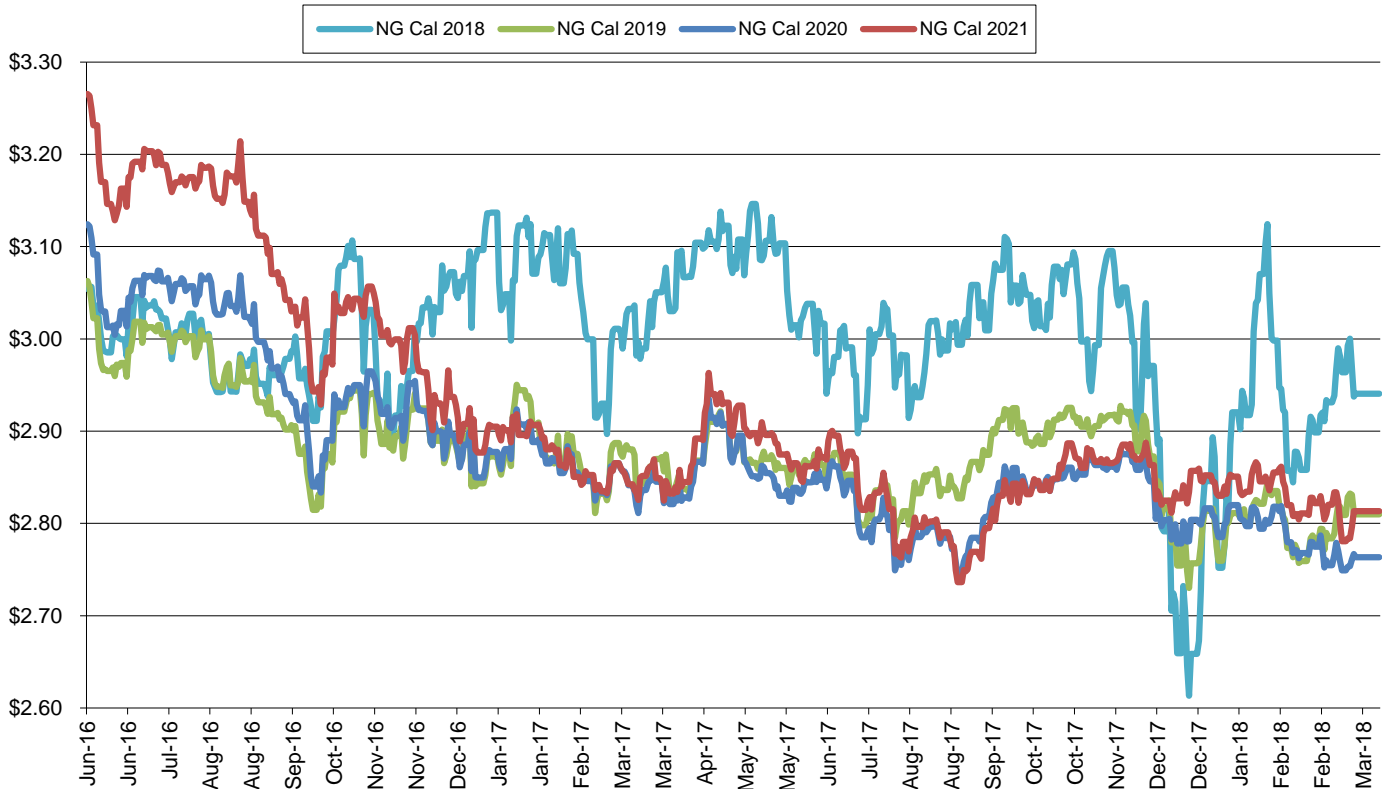
Nuclear Generation: Nuclear generation fell (1,849)MW in the reference week to 88,604 MW. This is +1,733 MW higher than last year and +2,907 MW higher than the 5-year average. **Recent output was at 87,623 MW.**

- The heating season is now well past its midpoint. With a forecast through March 30 the 2018 total heating index is at 2,731 compared to 2,216 for 2017, 2,243 for 2016, 2,693 for 2015, 3,060 for 2014, 2,827 for 2013, 2,448 for 2012 and 2,996 for 2011.

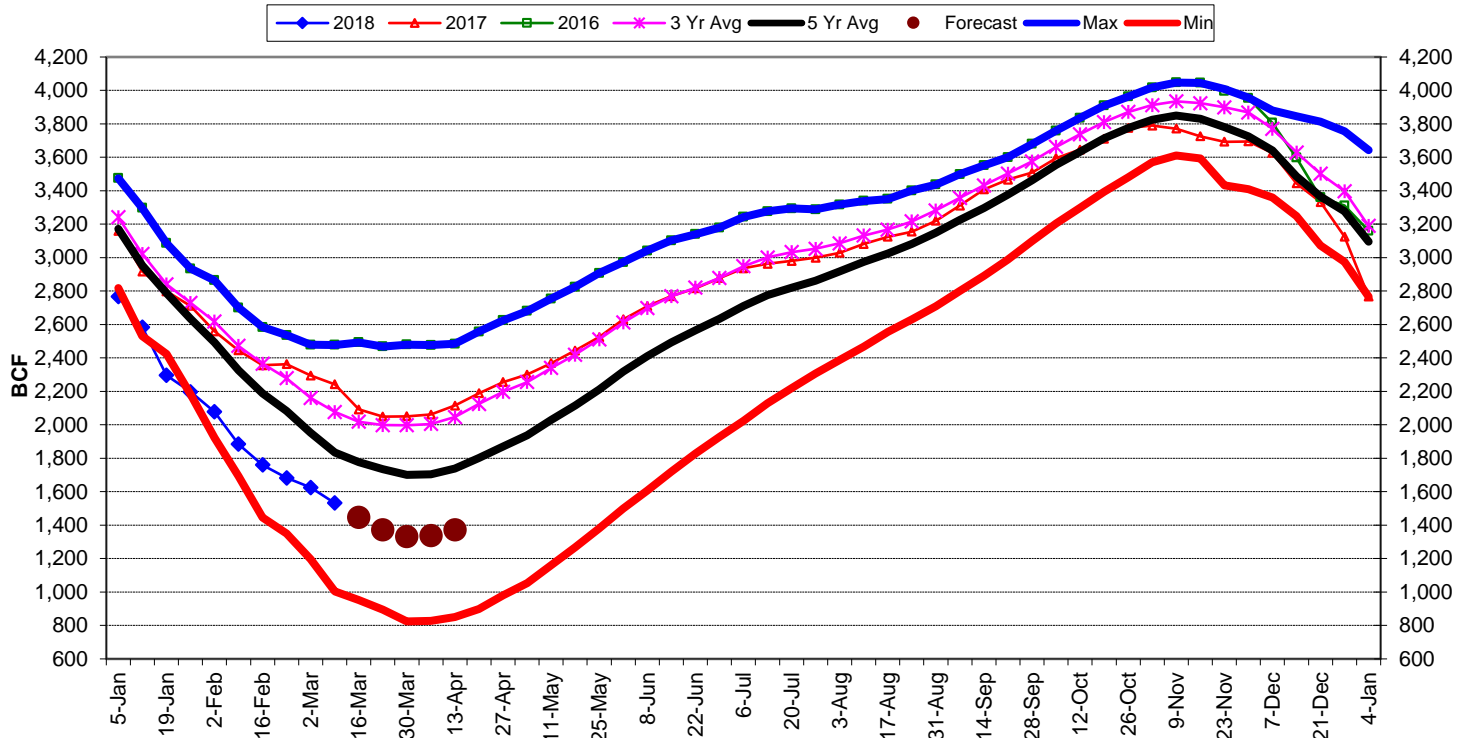
\$/MMBtu Ratio of NYMEX CL and NG



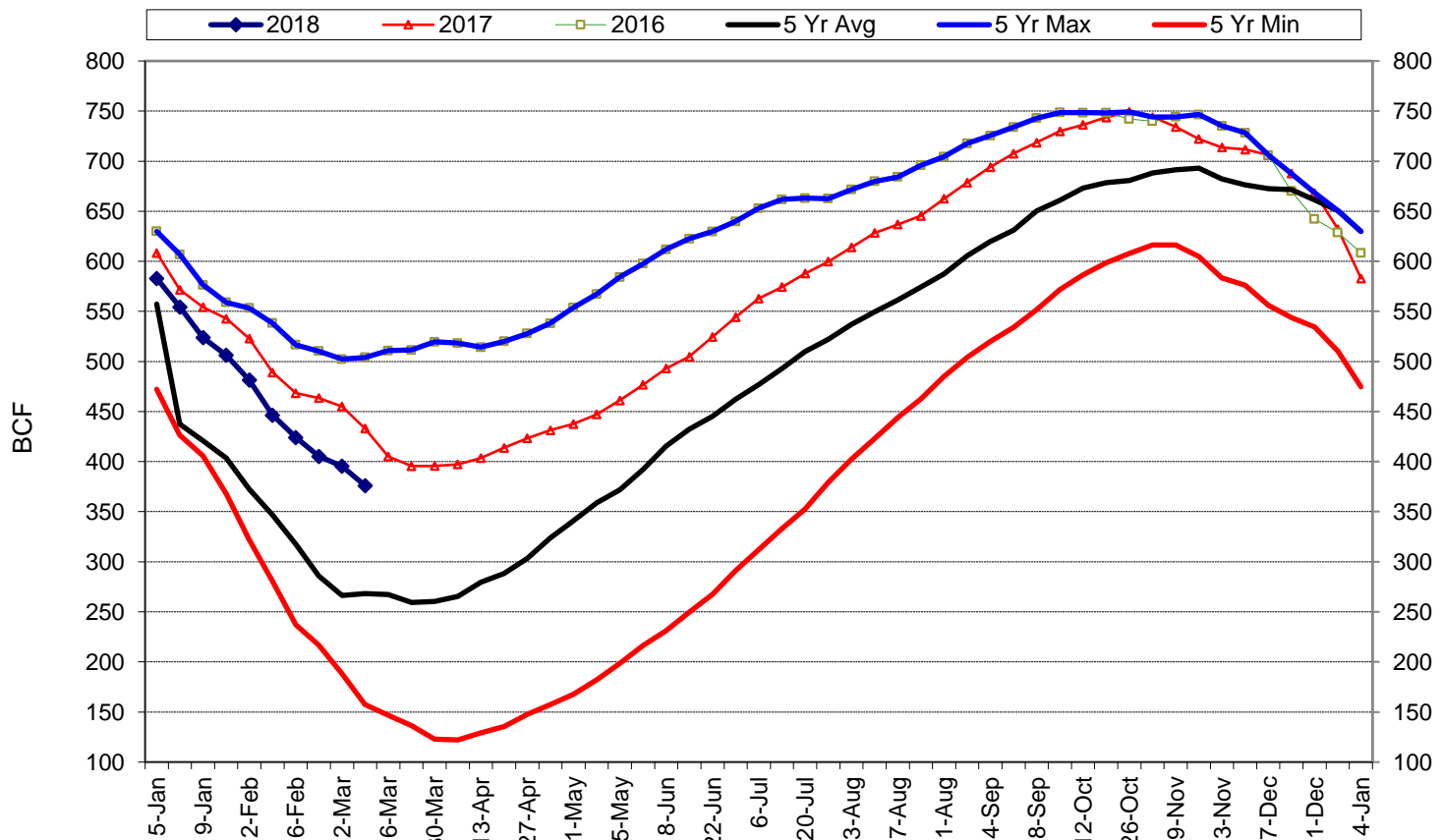
NYMEX Calendar Strips



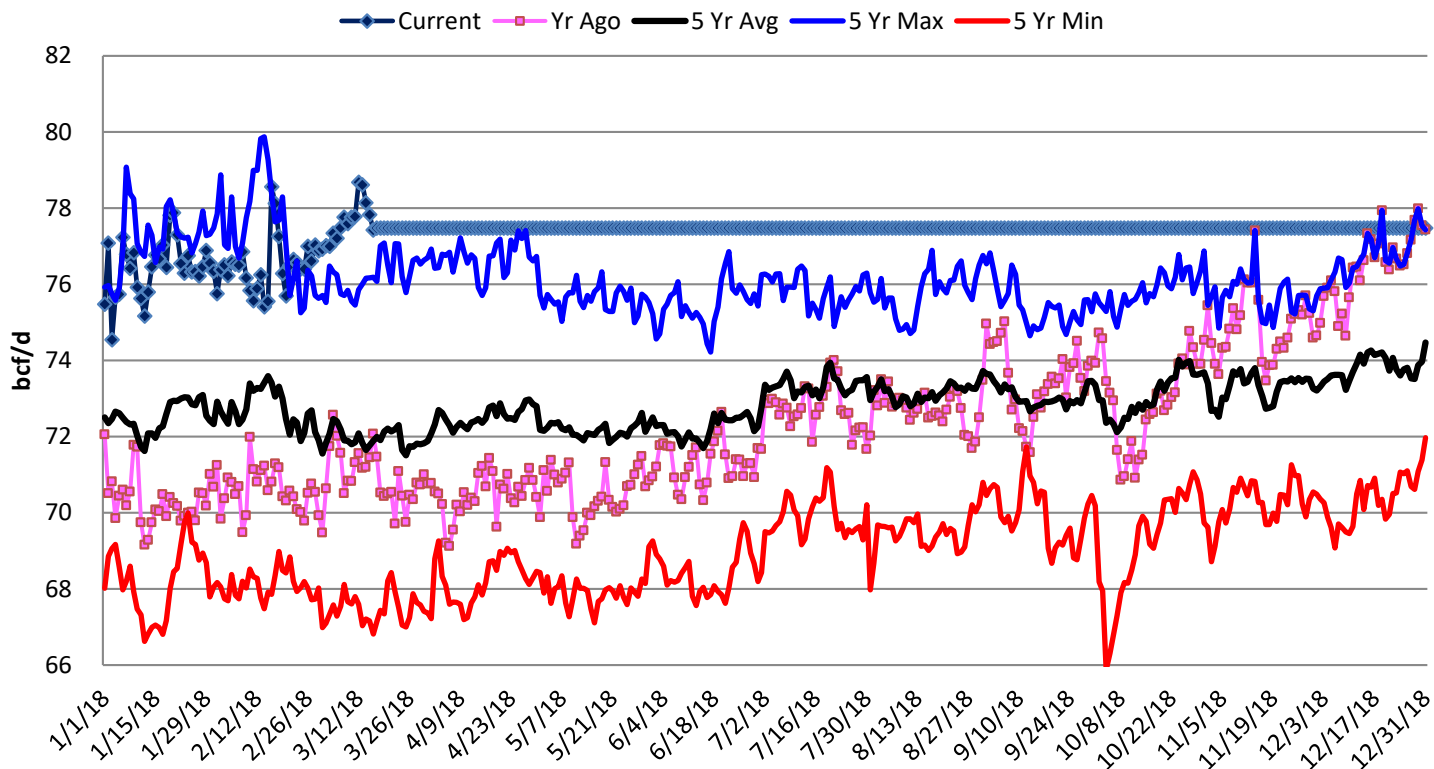
US Total Working Gas Storage - Source - EIA



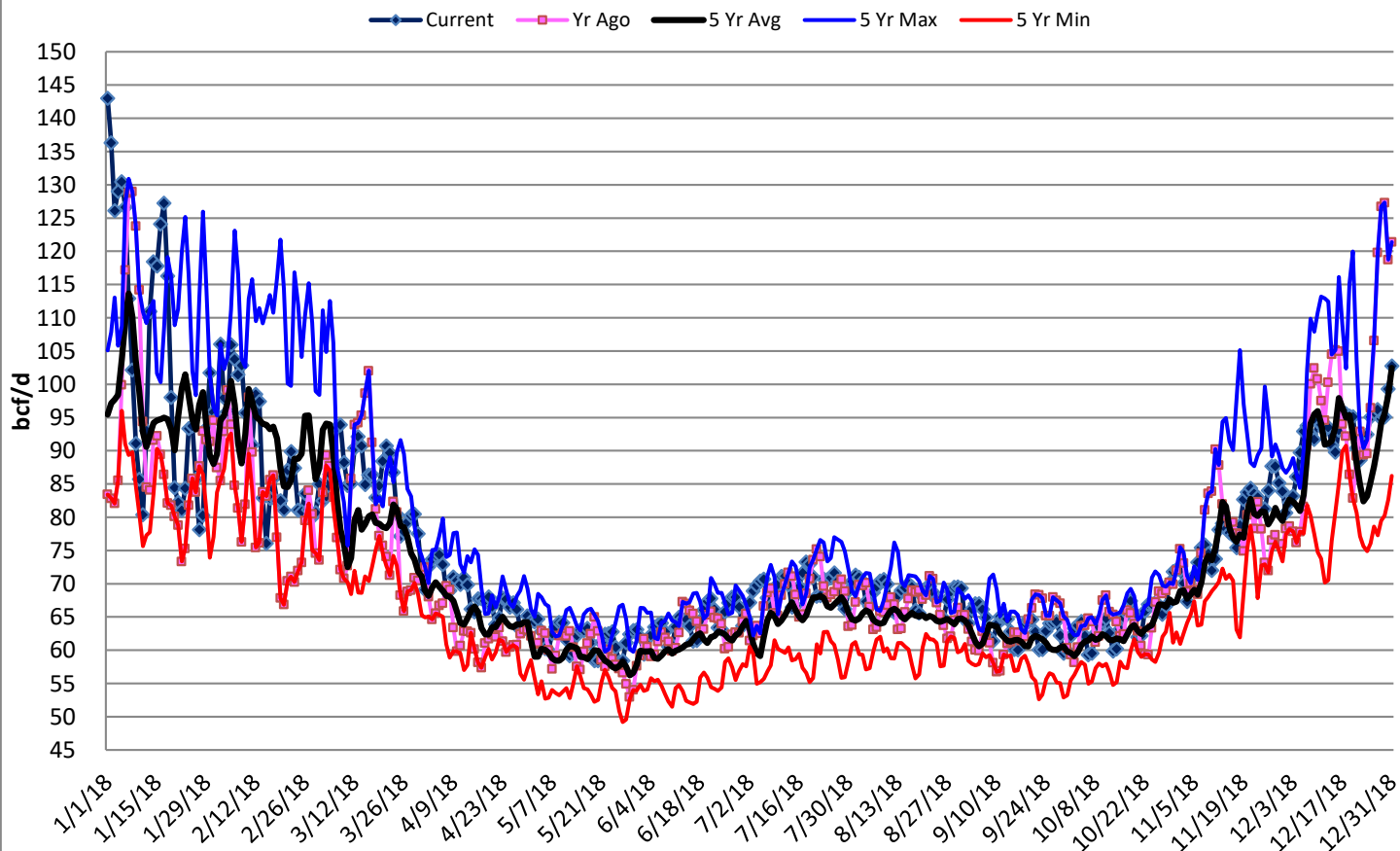
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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