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Week Ending March 30, 2018

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

Price Action: The May contract rose 10.0 cents (3.8%) to \$2.733 on a 15.4 cent range (\$2.764/\$2.610).

Price Outlook: Despite expectations for a choppy, range bound market, prices posted a new weekly high and low as lingering winter weather supported the market. Weather forecasts subtracted 35 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 (30,353) contract reduction in the managed money net long position as longs liquidated and shorts added. Total open interest fell (10,611) to 3.531 million as of March 27. Aggregated CME futures open interest rose to 1.433 million as of March 30. Open interest in the May \$3.00 call fell (817) to 54,441. Open interest in the May \$3.50 call rose +273 to 45,847. Open interest in the May \$2.50 put rose +2,185 to 46,079.

Weekly Storage: US working gas storage for the week ending March 23 indicated a withdrawal of (63) bcf. Working gas inventories fell to 1,383 bcf. Current inventories fall (666) bcf (-32.5%) below last year and fall (351) bcf (-20.3%) below the 5-year average.

Storage Outlook: : Our EIA weekly storage estimate was 4 bcf from the actual EIA implied flow and returned to within our tolerance as the deviation to the base model stabilized. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

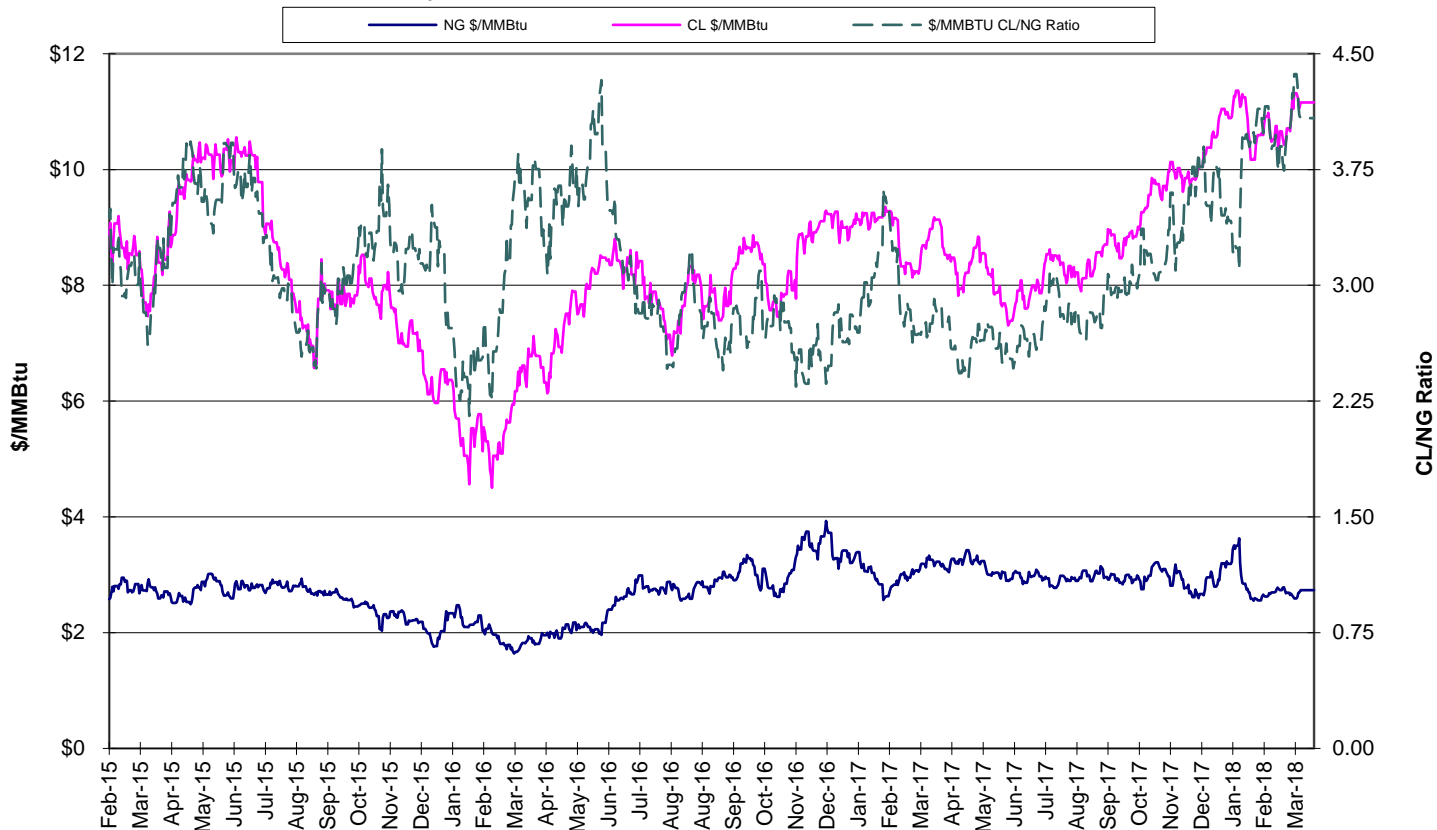
Supply Trends: Total supply rose 0.6 bcf/d to 78.6 bcf/d. US production rose. Canadian imports rose. LNG imports exports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (2). Oil activity decreased (7). Natural gas activity increased +4. The total US rig count now stands at 993. The Canadian rig count fell (27) to 134. Thus, the total North American rig count fell (29) to 1,127 and now exceeds last year by +148. The higher efficiency US horizontal rig count was unchanged +0 to 870 and rises +185 above last year. Our weekly special topics report focuses on the Q4 E&P company reports.

Demand Trends: Total demand fell (2.3) bcf/d to +85.5 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (856) gigawatt-hrs to 71,792 which exceeds last year by +1,646 (2.3%) and exceeds the 5-year average by 836 (1.2%).

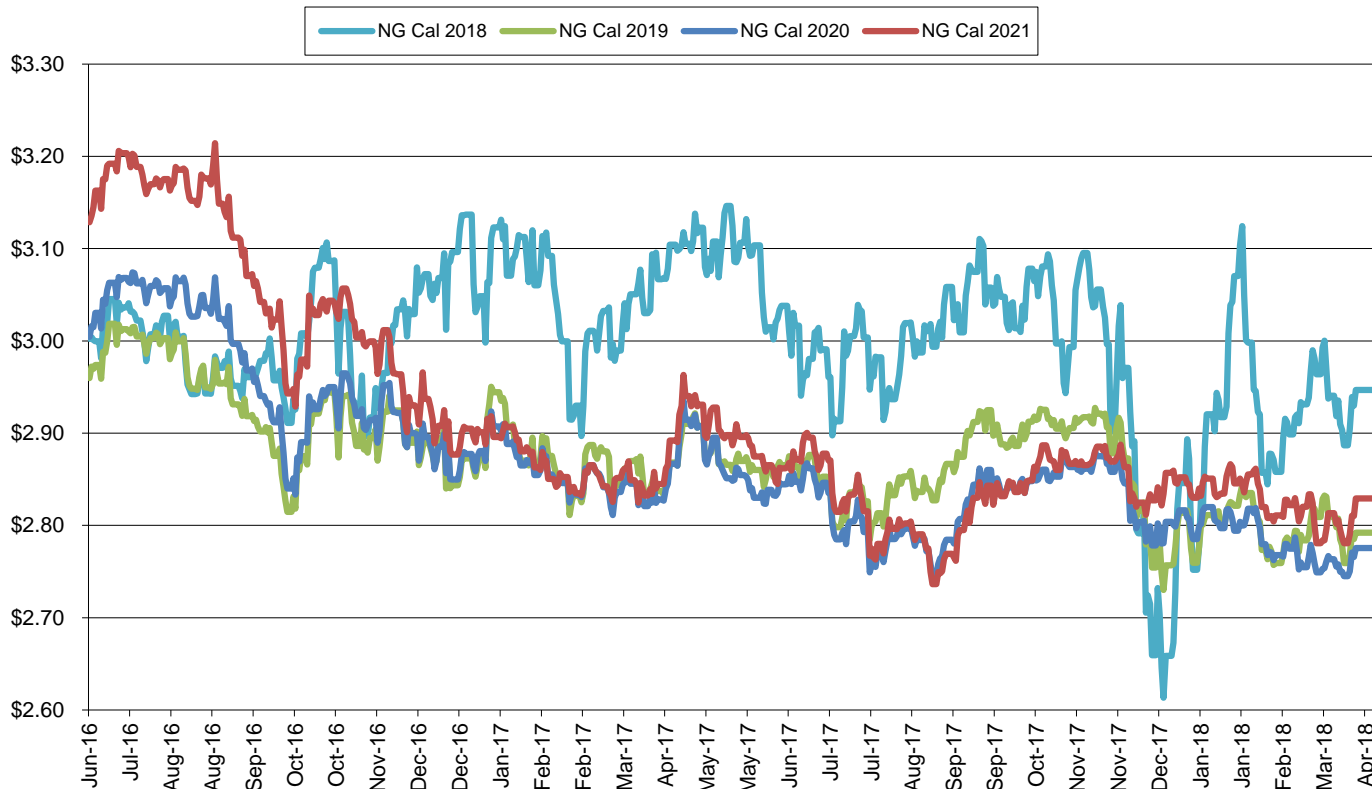
Nuclear Generation: Nuclear generation fell (1,447)MW in the reference week to 85,843 MW. This is +4,269 MW higher than last year and +4,098 MW higher than the 5-year average. Recent output was at 84,165 MW.

- The heating season is now well past its midpoint. With a forecast through April 13 the 2018 total heating index is at 2,867 compared to 2,267 for 2017, 2,378 for 2016, 2,819 for 2015, 3,142 for 2014, 2,945 for 2013, 2,526 for 2012 and 3,091 for 2011.

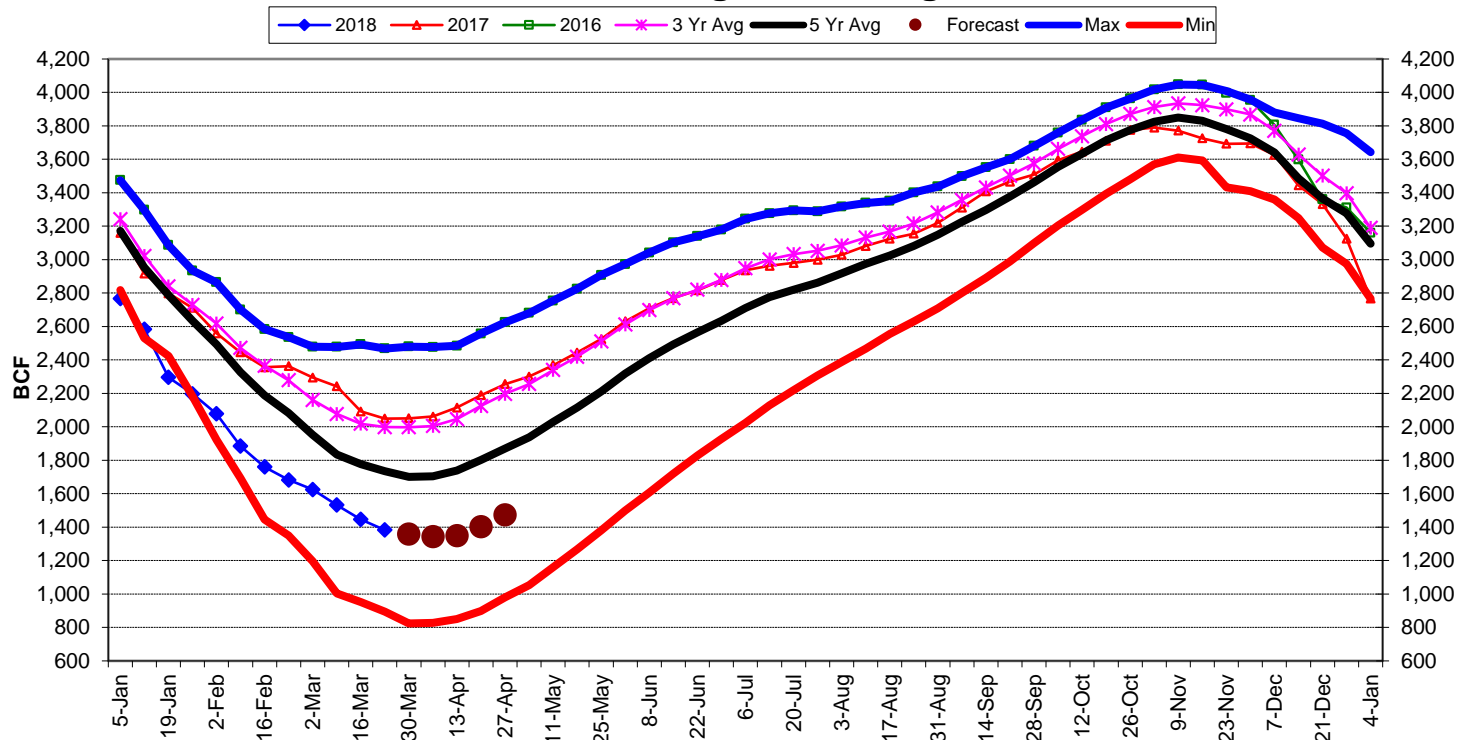
\$/MMBtu Ratio of NYMEX CL and NG



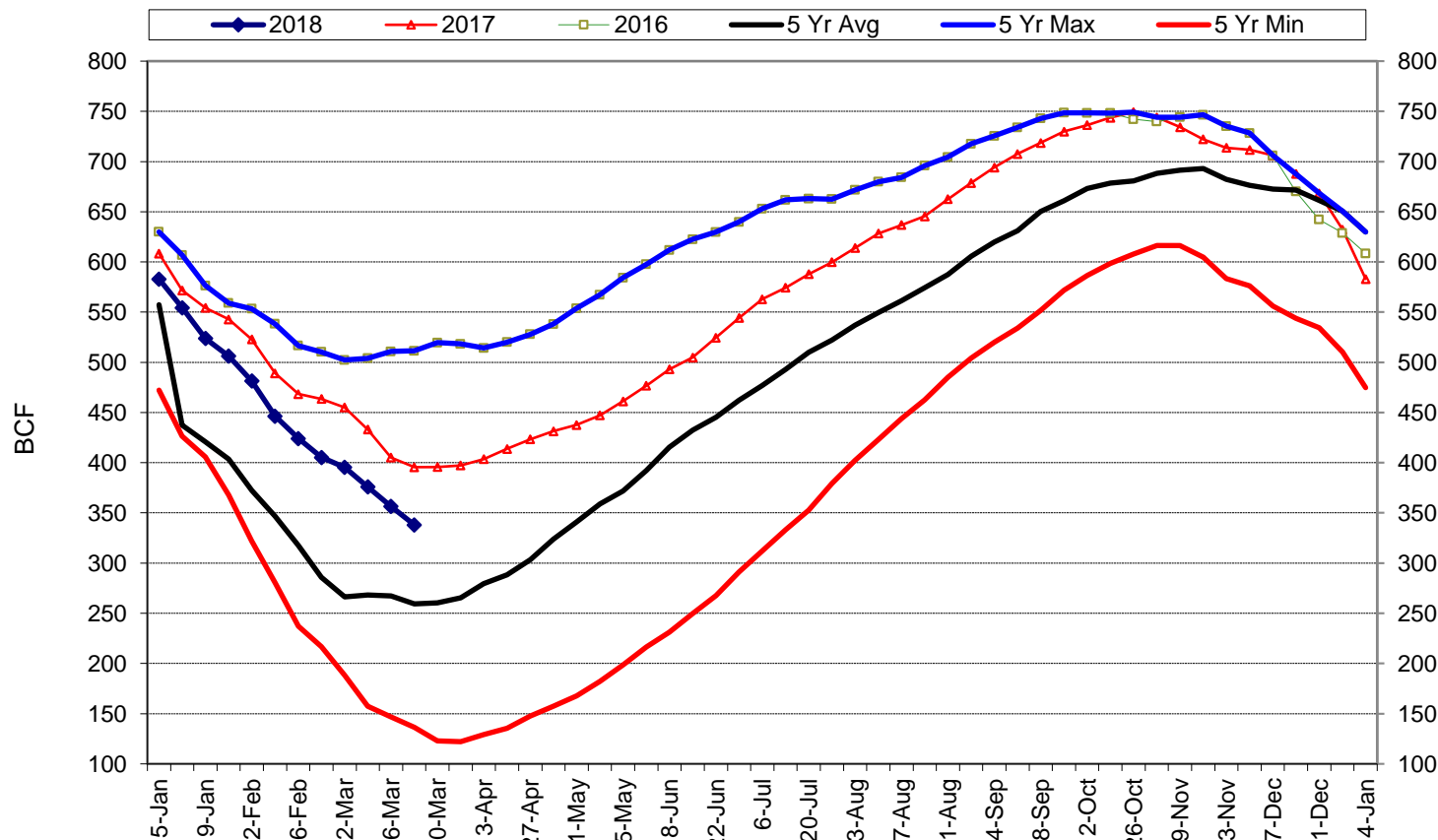
NYMEX Calendar Strips



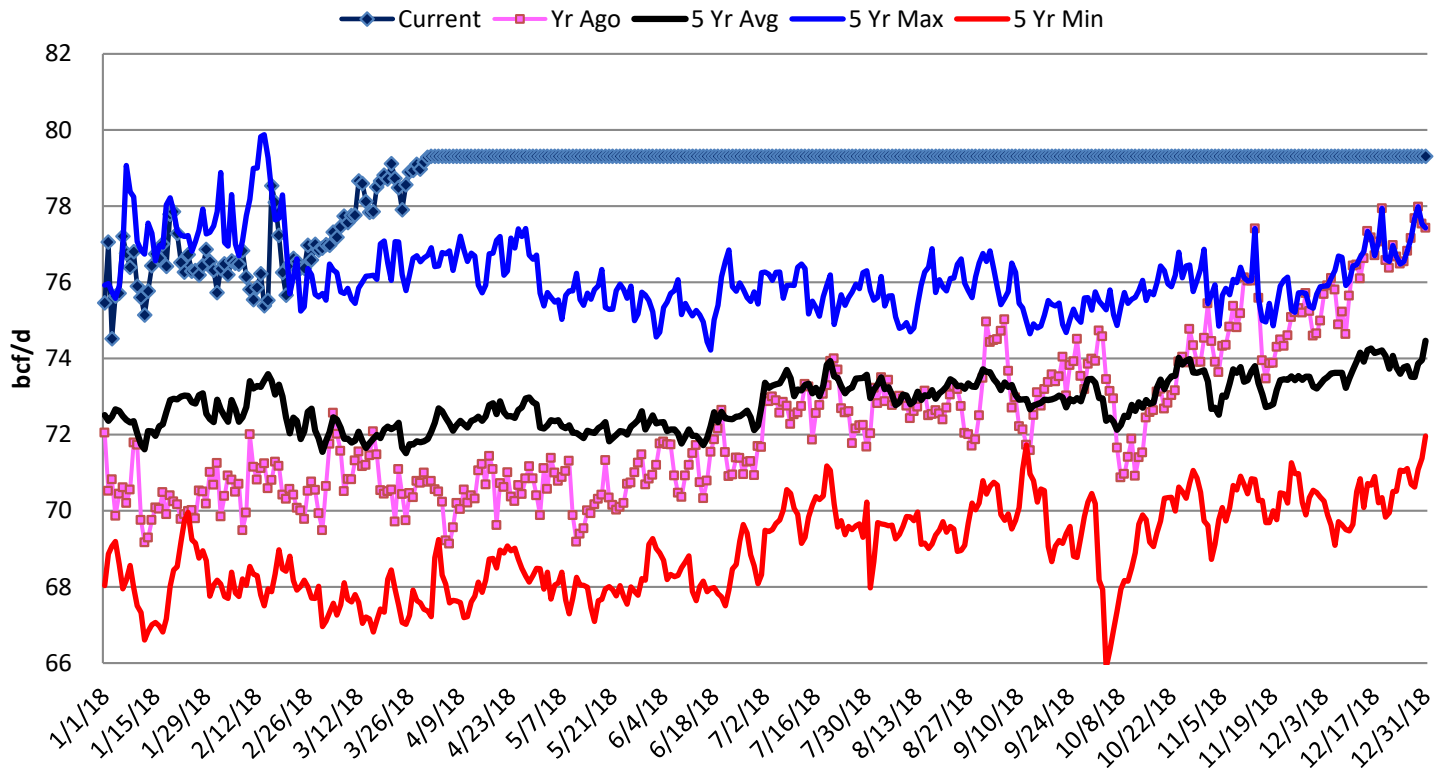
US Total Working Gas Storage - Source - EIA



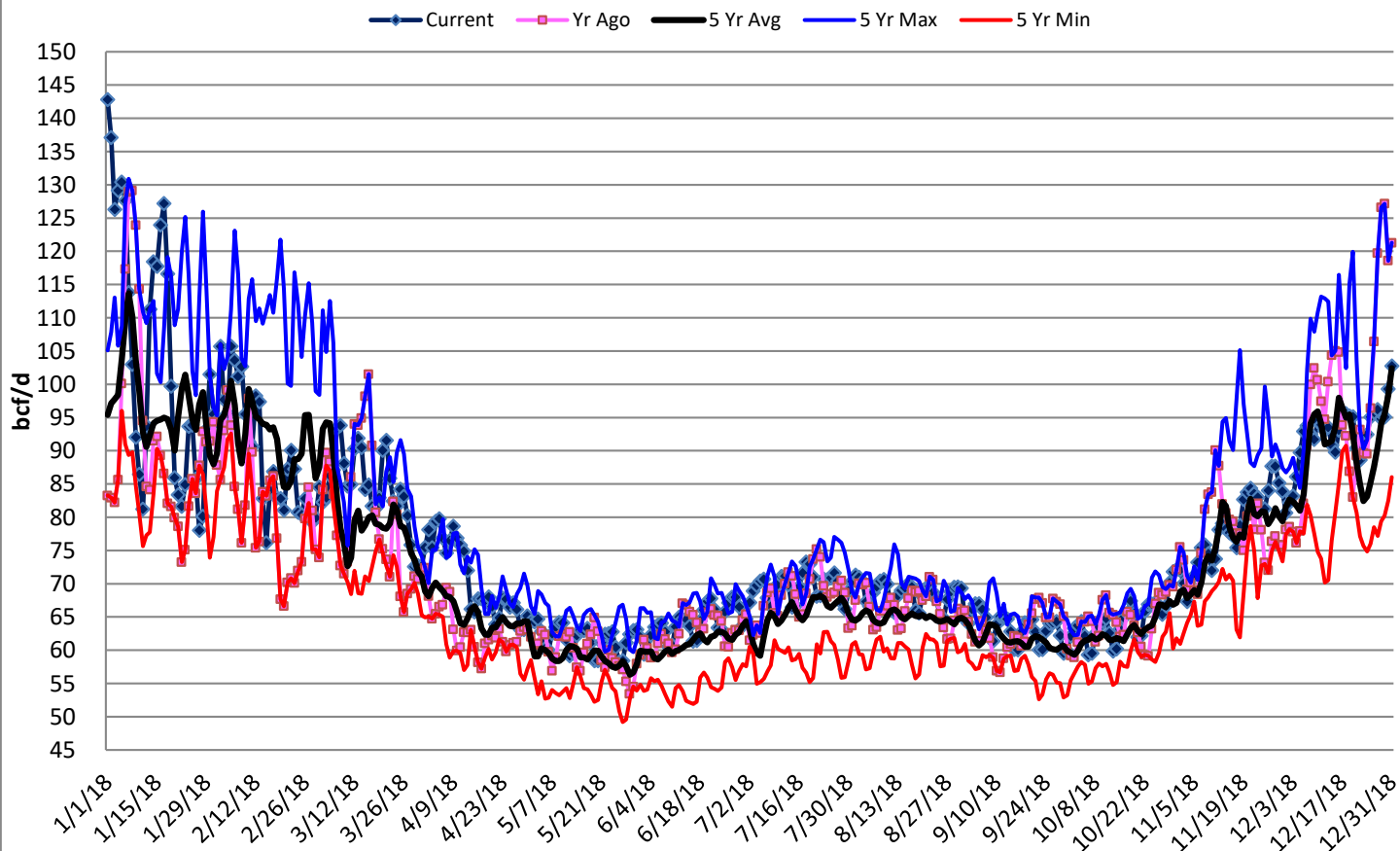
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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