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Week Ending April 6, 2018

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

Price Action: The May contract fell 3.2 cents (1.2%) to \$2.701 on a 10.9 cent range (\$2.759/\$2.650).

Price Outlook: While last week's approximately 20 cents was somewhat unexpected, prices remain overall little changed and this week posted a rare inside within neither a new high nor low recognized. We do expect a more notable move near the end of April and into early May as temperatures moderate in the northern regions of the country. 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 (5,496) contract reduction in the managed money net long position as longs liquidated and shorts covered. Total open interest fell (39,566) to 3.491 million as of April 03. Aggregated CME futures open interest rose to 1.507 million as of April 06. Open interest in the May \$3.00 call fell (2,654) to 51,787. Open interest in the May \$3.50 call fell (30) to 46,049. Open interest in the May \$2.50 put rose +1,694 to 47,541.

Weekly Storage: US working gas storage for the week ending March 30 indicated a withdrawal of (20) bcf. Working gas inventories fell to 1,354 bcf. Current inventories fall (697) bcf (-34.0%) below last year and fall (347) bcf (-20.4%) below the 5-year average. There was a (9) bcf reclassification that lowered working gas a combined (29) bcf on the week.

Storage Outlook: : Our EIA weekly storage estimate was 3 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.

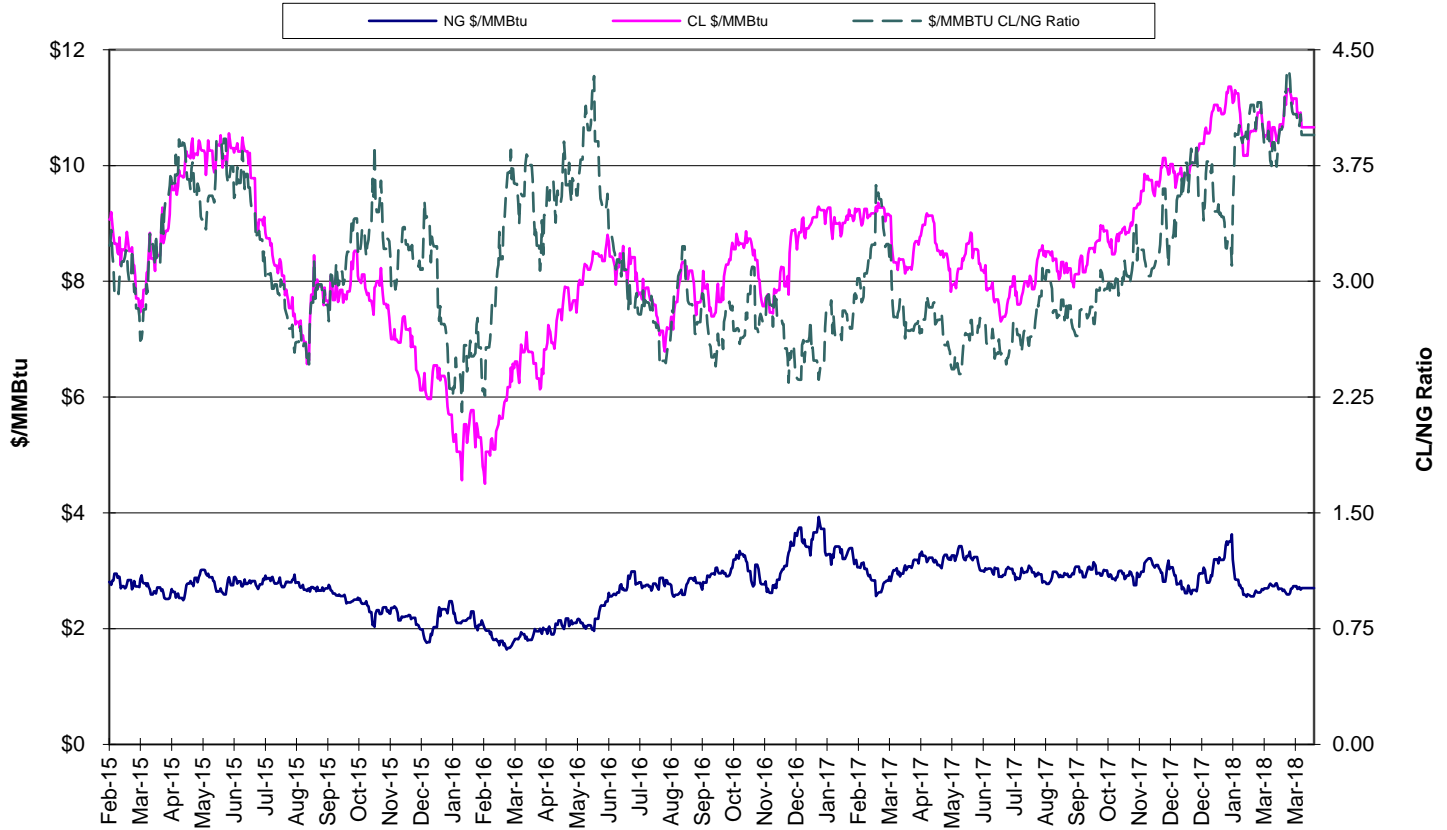
Supply Trends: Total supply rose 0.1 bcf/d to 78.2 bcf/d. US production rose. Canadian imports fell. LNG imports exports rose. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count rose +10. Oil activity increased +11. Natural gas activity was unchanged +0. The total US rig count now stands at 1003. The Canadian rig count fell (23) to 111. Thus, the total North American rig count fell (13) to 1,114 and now exceeds last year by +143. The higher efficiency US horizontal rig count rose +14 to 884 and rises +189 above last year. Our weekly special topics report focuses on the Q4 E&P company reports.

Demand Trends: Total demand fell (5.8) bcf/d to +81.7 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (1,618) gigawatt-hrs to 70,174 which exceeds last year by +713 (1.0%) and exceeds the 5-year average by 95 (0.1%).

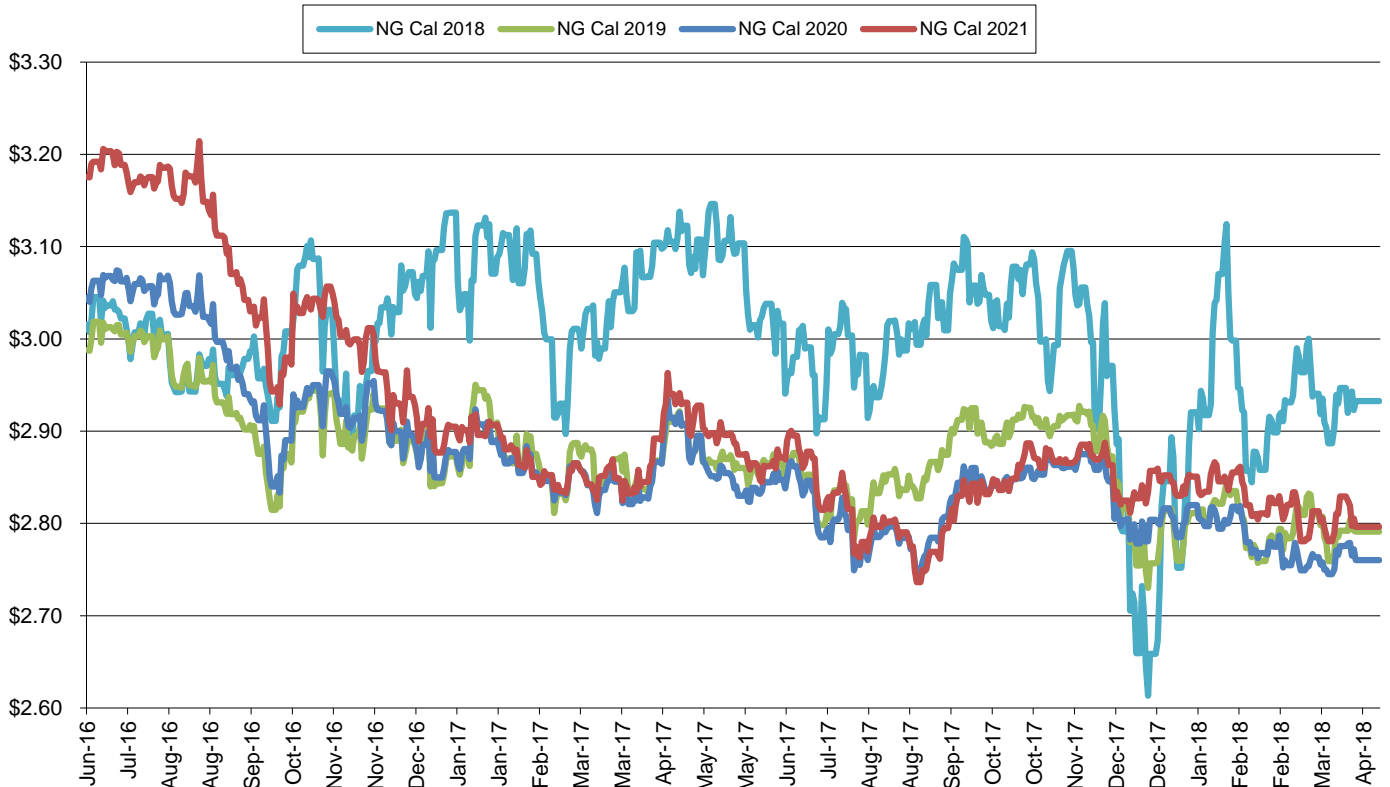
Nuclear Generation: Nuclear generation fell (1,564)MW in the reference week to 84,279 MW. This is +3,479 MW higher than last year and +3,345 MW higher than the 5-year average. Recent output was at 82,806 MW.

- The heating season is entering its final leg. With a forecast through April 20 the 2018 total heating index is at 2,902 compared to 2,270 for 2017, 2,397 for 2016, 2,834 for 2015, 3,201 for 2014, 2,992 for 2013, 2,543 for 2012 and 3,125 for 2011.

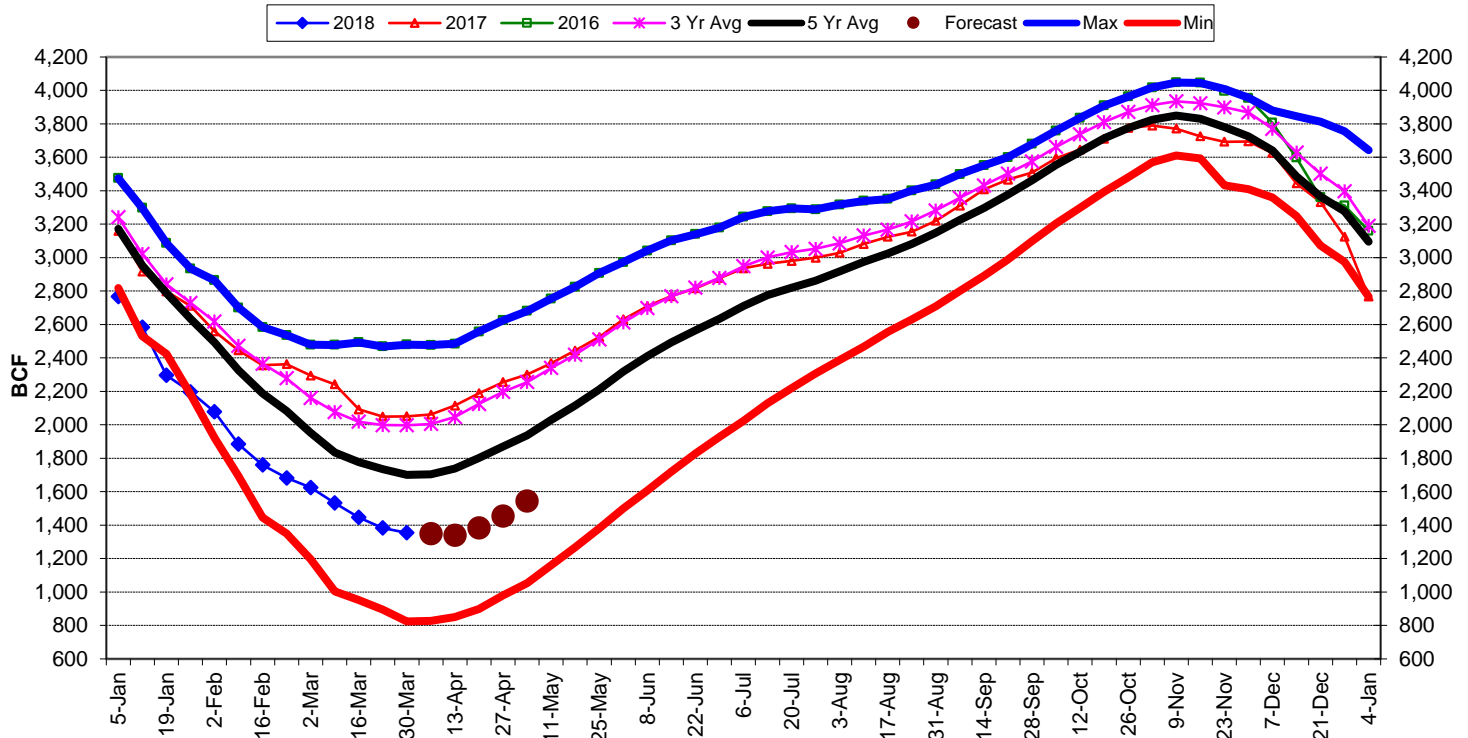
\$/MMBtu Ratio of NYMEX CL and NG



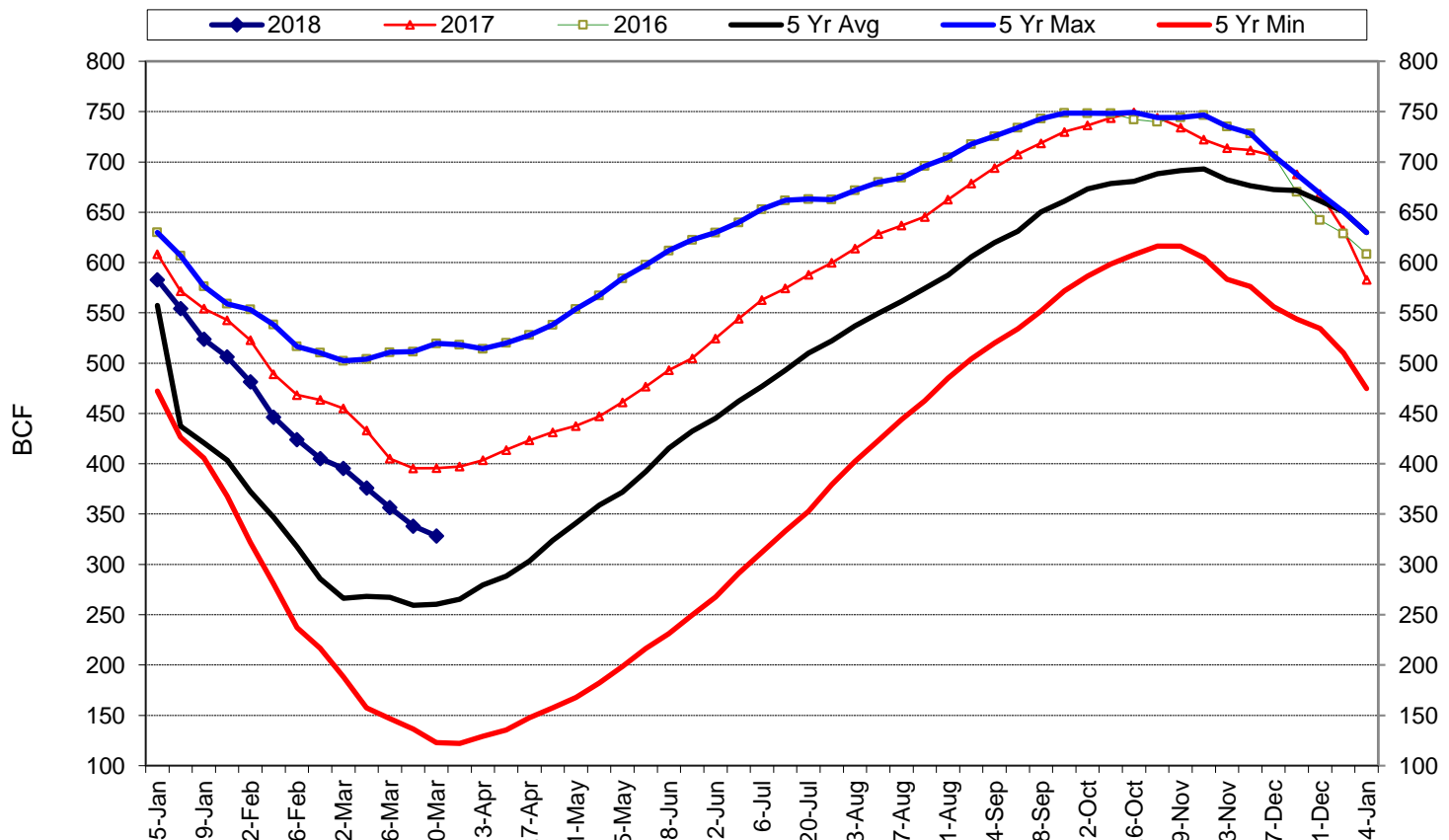
NYMEX Calendar Strips



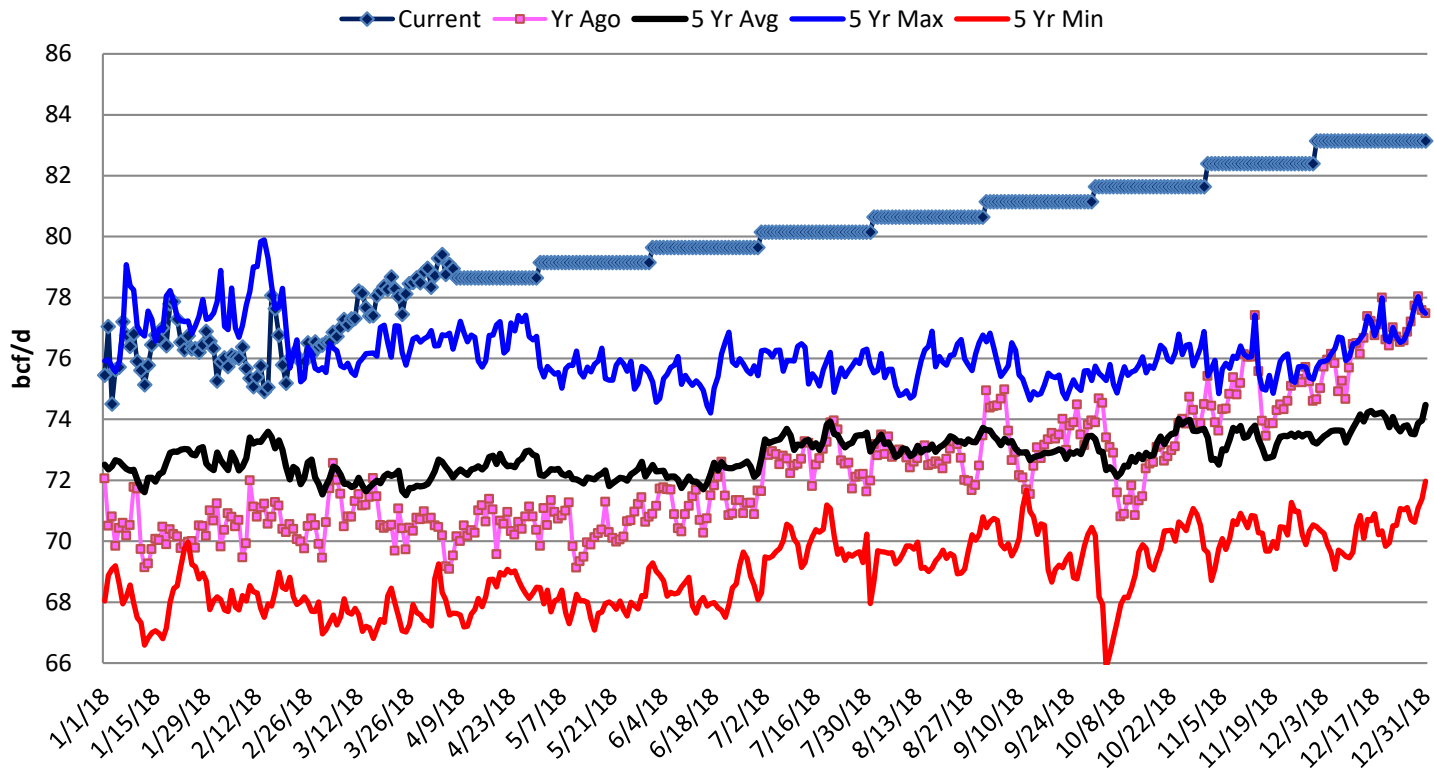
US Total Working Gas Storage - Source - EIA



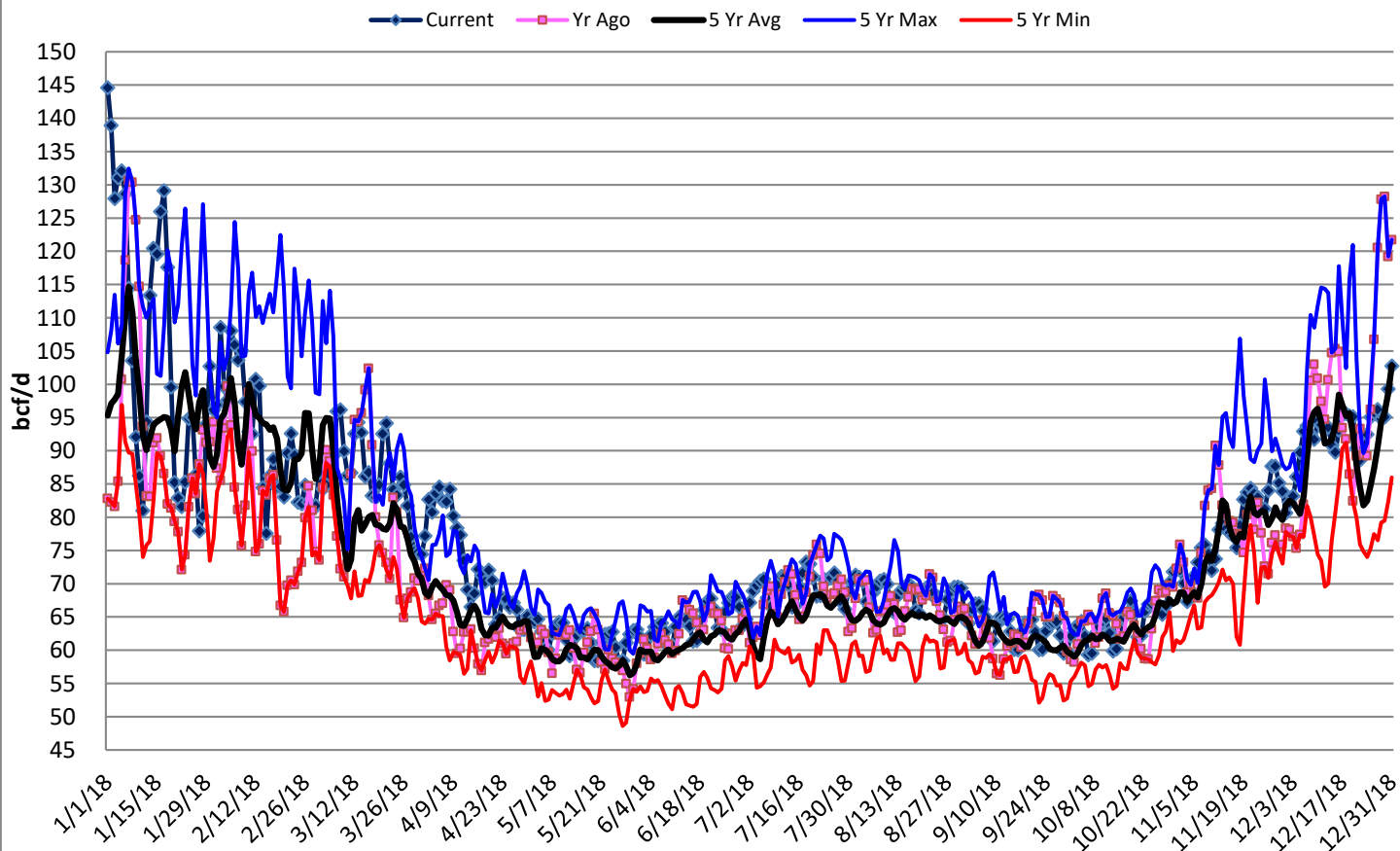
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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