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***Week Ending April 20, 2018***

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

**Price Action:** The May contract rose 0.4 cents (0.1%) to \$2.739 on a 13.2 cent range (\$2.790/\$2.658).

**Price Outlook:** Despite a still rather modest 13.2 cent daily range, the market still managed to post a new weekly high for the 2<sup>nd</sup> week in a row. Although US production remains a bearish factor, the surging storage deficit is supportive and must be reduced prior to the winter. Even though the market appears comfortable with lower storage levels, cold could still result in significantly higher prices. Weather forecasts subtracted 27 bcf from storage projections. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** The current weather forecast is now warmer than 6 of the last 10 years. CFTC data indicated a 19,890 contract increase in the managed money net long position as longs added and shorts covered. Total open interest rose 31,918 to 3.632 million as of April 17. Aggregated CME futures open interest fell to 1.476 million as of April 20.

**Weekly Storage:** US working gas storage for the week ending April 13 indicated a withdrawal of (36) bcf. Working gas inventories fell to 1,299 bcf. Current inventories fall (816) bcf (-38.6%) below last year and fall (440) bcf (-25.3%) below the 5-year average.

**Storage Outlook :** Our EIA weekly storage estimate was (9)bcf from the actual EIA implied flow and rose outside our tolerance as the deviation to the base model returned. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

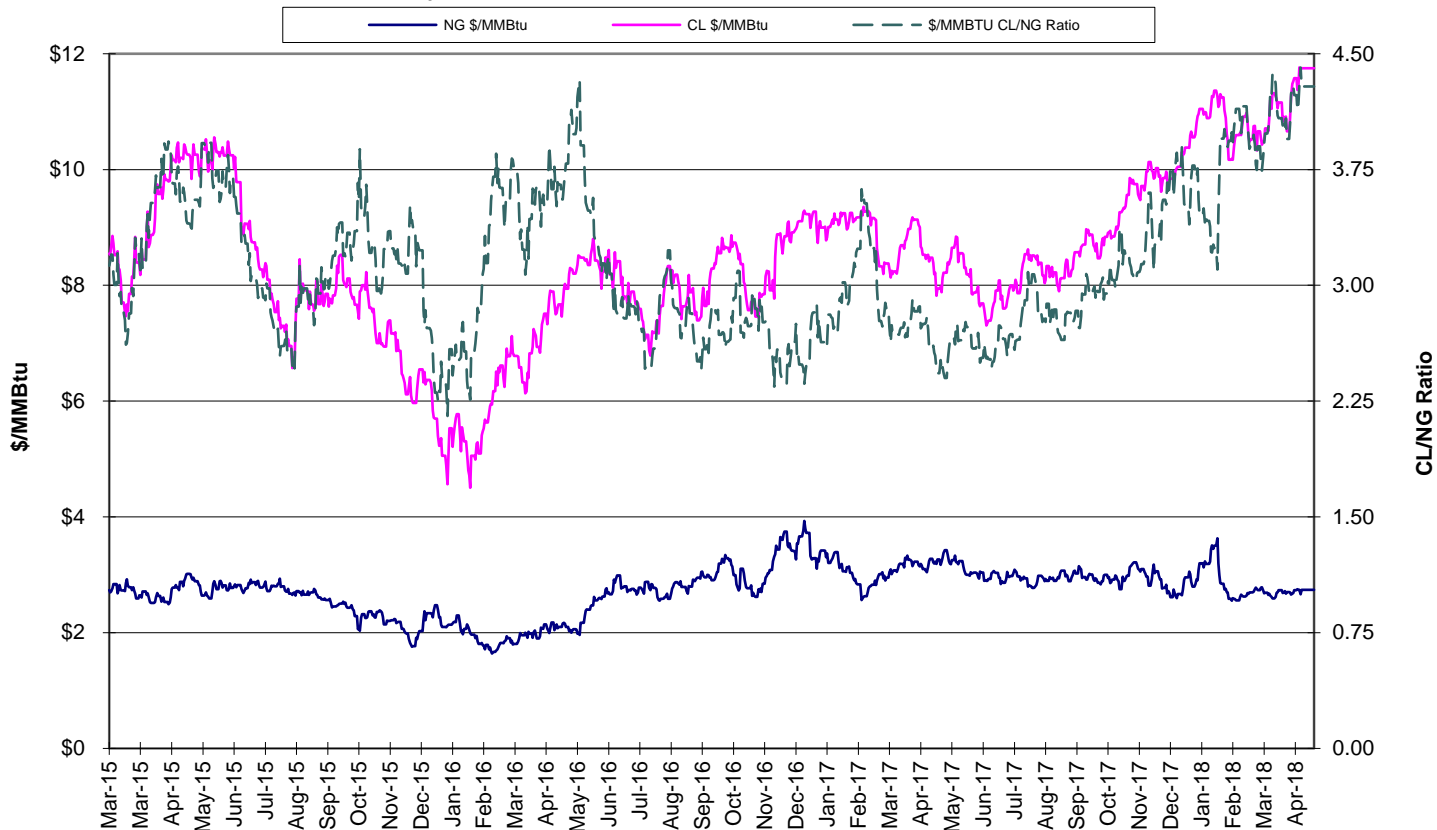
**Supply Trends:** Total supply fell (0.5) bcf/d to 77.3 bcf/d. US production rose. Canadian imports fell. LNG imports exports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +5. Oil activity increased +5. Natural gas activity was unchanged +0. The total US rig count now stands at 1,013 .The Canadian rig count fell (9) to 93. Thus, the total North American rig count fell (4) to 1,106 and now exceeds last year by +150. **The higher efficiency US horizontal rig count rose +6 to 889 and rises +171 above last year. Our weekly special topics report focuses on the Q4 E&P company reports.**

**Demand Trends:** Total demand rose +2.3 bcf/d to +82.1 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +192 gigawatt-hrs to 71,006 which exceeds last year by +3,112 (4.6%) and exceeds the 5-year average by 2,787 (4.1%%).

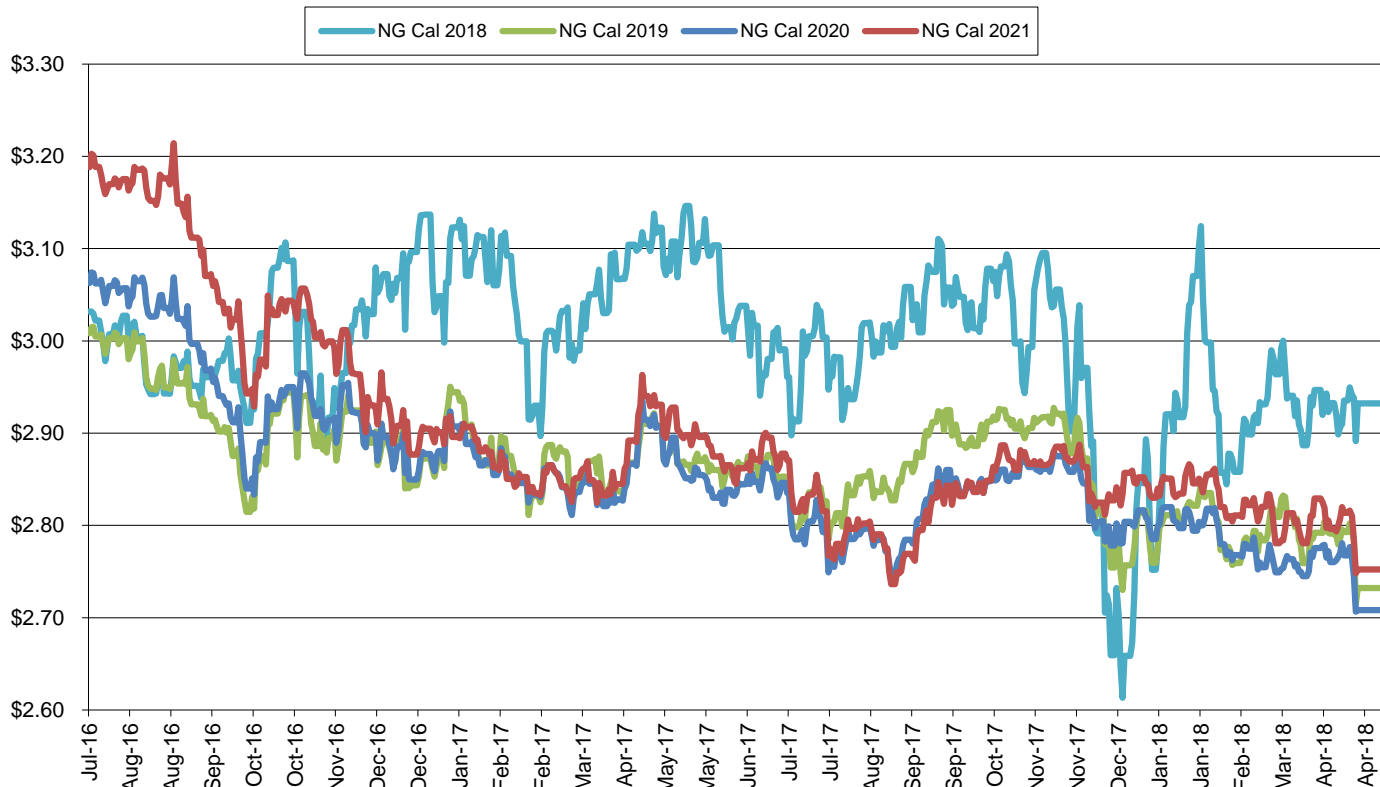
**Nuclear Generation:** Nuclear generation fell (4,156)MW in the reference week to 78,560 MW. This is +1,558 MW higher than last year and (1,042) MW lower than the 5-year average. **Recent output was at 78,485 MW.**

- The heating season is entering its final leg. With a forecast through May 4 the 2018 total heating index is at 2,984 compared to 2,286 for 2017, 2,411 for 2016, 2,882 for 2015, 3,223 for 2014, 3,038 for 2013, 2,567 for 2012 and 3,160 for 2011.

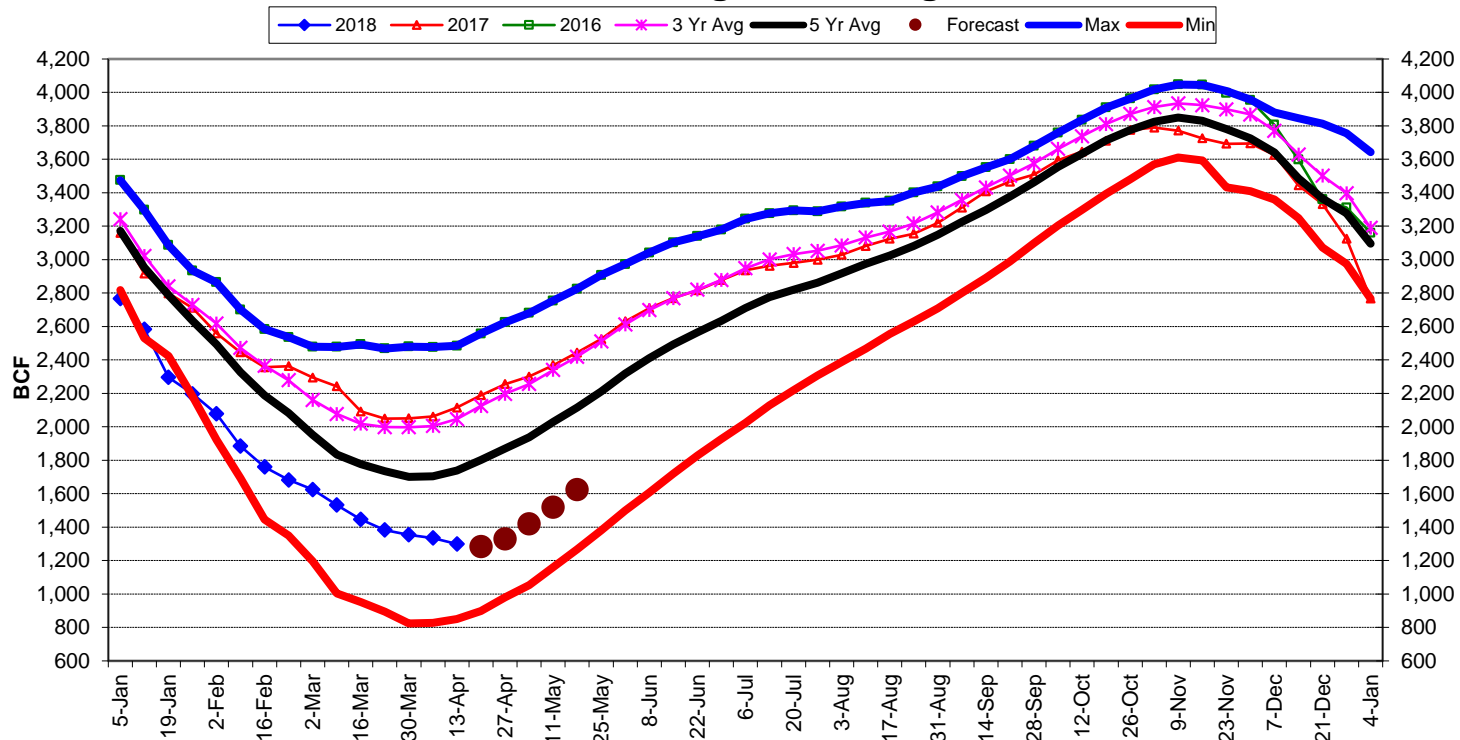
## \$/MMBtu Ratio of NYMEX CL and NG



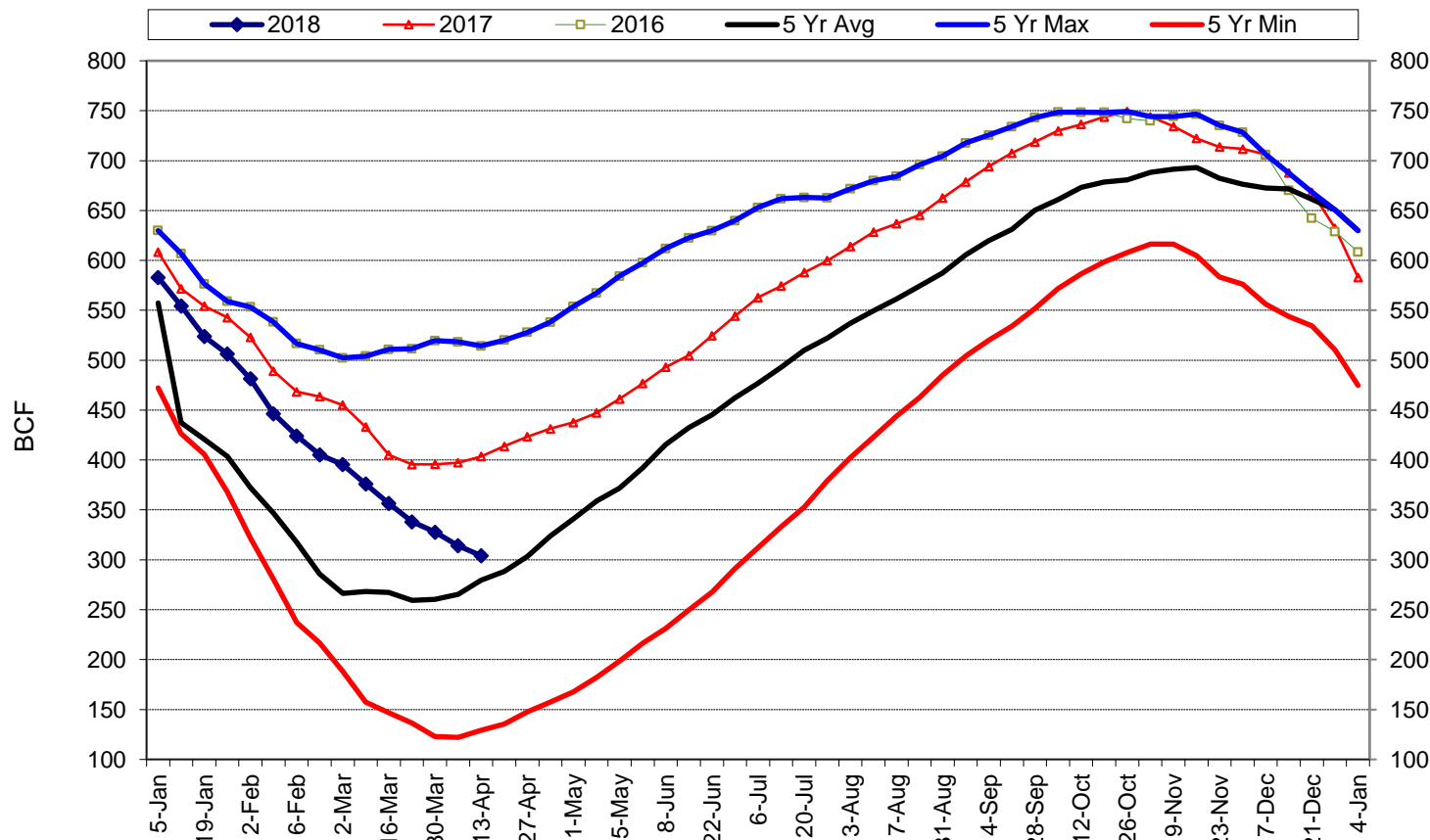
## NYMEX Calendar Strips



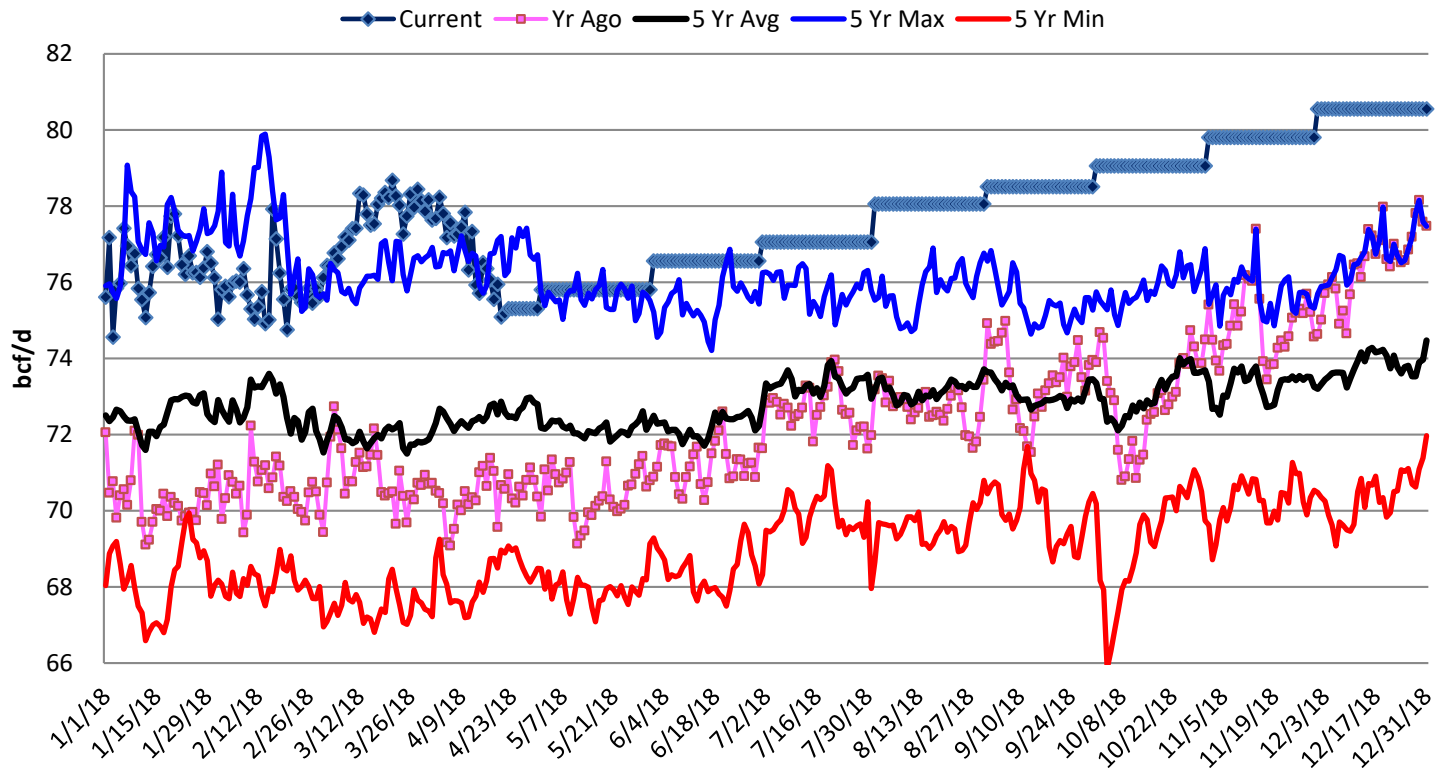
## US Total Working Gas Storage - Source - EIA



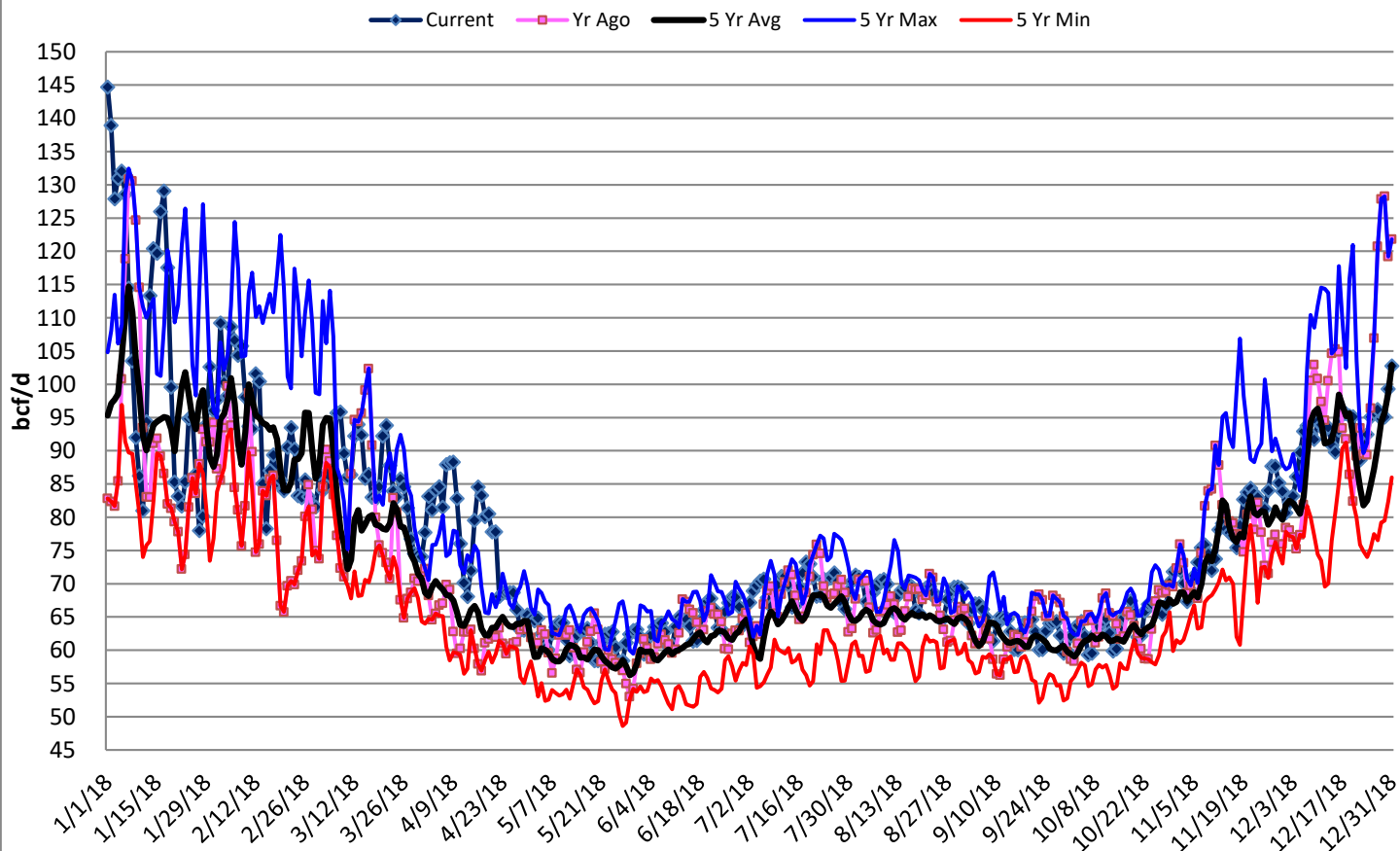
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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