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Week Ending April 27, 2018

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

Price Action: The June contract rose 0.4 cents (0.1%) to \$2.771 on a 10.7 cent range (\$2.844/\$2.737).

Price Outlook: Despite a still modest 10.7 cent daily range, the market still managed to post a new weekly high for the 3rd 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 added 11 bcf to storage projections. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** The current weather forecast is now warmer than 8 of the last 10 years. CFTC data indicated a (12,445) contract reduction in the managed money net long position as longs liquidated and shorts added. Total open interest fell (17,928) to 3.614 million as of April 24. Aggregated CME futures open interest fell to 1.438 million as of April 27.

Weekly Storage: US working gas storage for the week ending April 20 indicated a withdrawal of (18) bcf. Working gas inventories fell to 1,281 bcf. Current inventories fall (908) bcf (-41.5%) below last year and fall (520) bcf (-28.9%) below the 5-year average.

Storage Outlook: : Our EIA weekly storage estimate was 0 bcf from the actual EIA implied flow and was obviously within our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

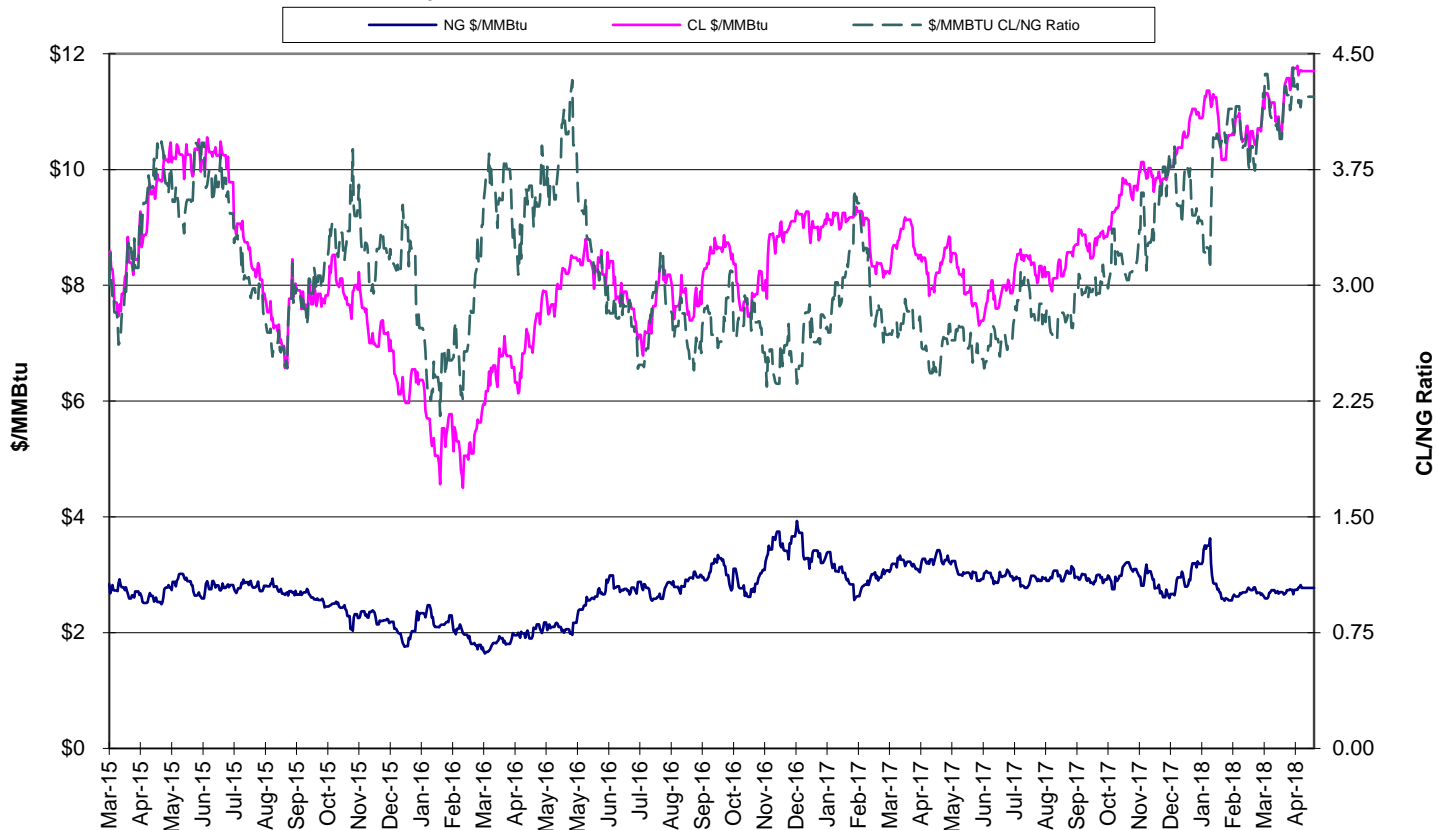
Supply Trends: Total supply fell (1.3) bcf/d to 76.0 bcf/d. US production fell. Canadian imports fell. LNG imports exports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count rose +8. Oil activity increased +5. Natural gas activity increased +3. The total US rig count now stands at 1,021. The Canadian rig count fell (8) to 85. Thus, the total North American rig count was unchanged at +0 to 1,106 and now exceeds last year by +151. **The higher efficiency US horizontal rig count rose +12 to 901 and rises +171 above last year.**

Demand Trends: Total demand fell (3.9) bcf/d to +78.3 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (1,816) gigawatt-hrs to 69,190 which exceeds last year by +374 (0.5%) and exceeds the 5-year average by 766 (1.1%).

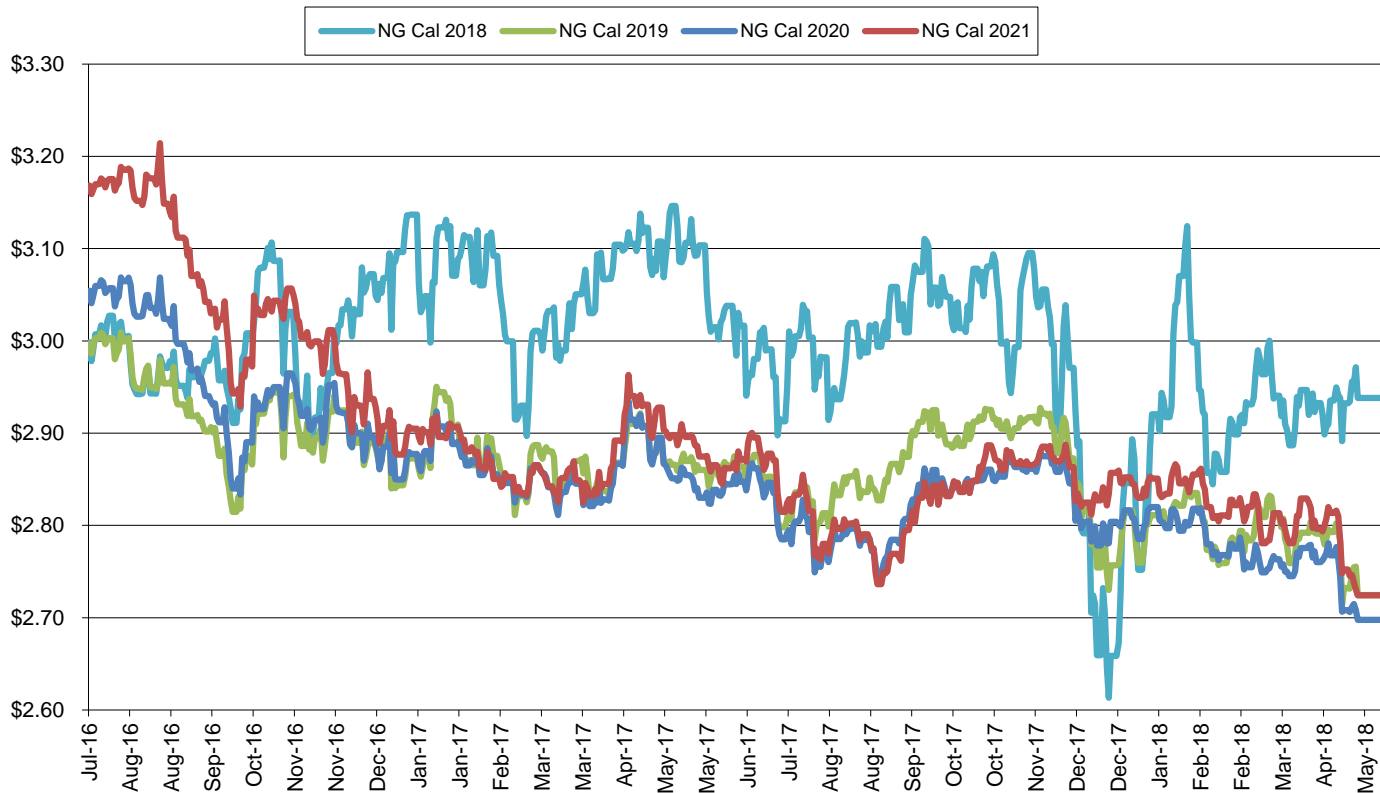
Nuclear Generation: Nuclear generation rose 1,649 MW in the reference week to 78,637 MW. This is +3,175 MW higher than last year and +1,259 MW higher than the 5-year average. **Recent output was at 79,440 MW.**

- The heating season is entering its final leg. With a forecast through May 11 the 2018 total heating index is at 2,998 compared to 2,295 for 2017, 2,413 for 2016, 2,885 for 2015, 3,226 for 2014, 3,041 for 2013, 2,567 for 2012 and 3,165 for 2011.

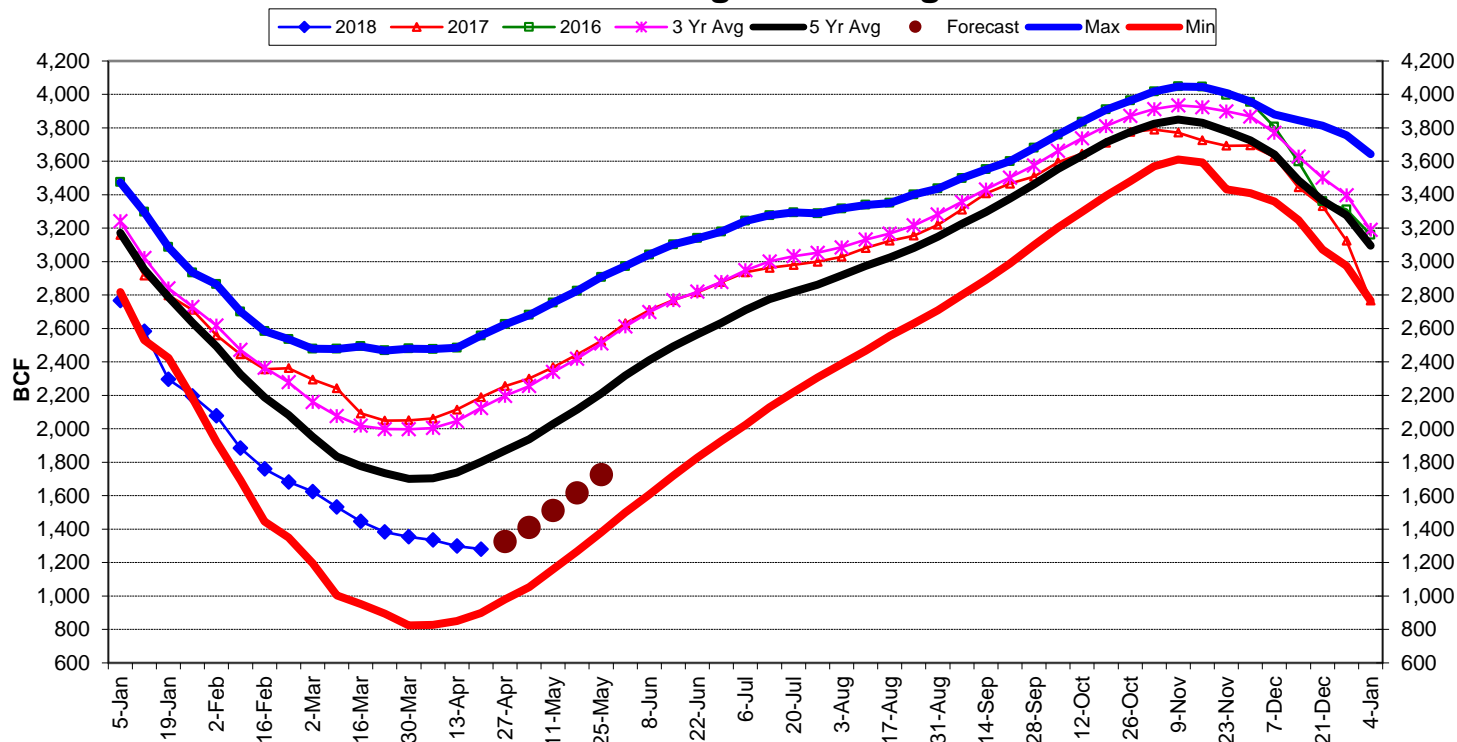
\$/MMBtu Ratio of NYMEX CL and NG



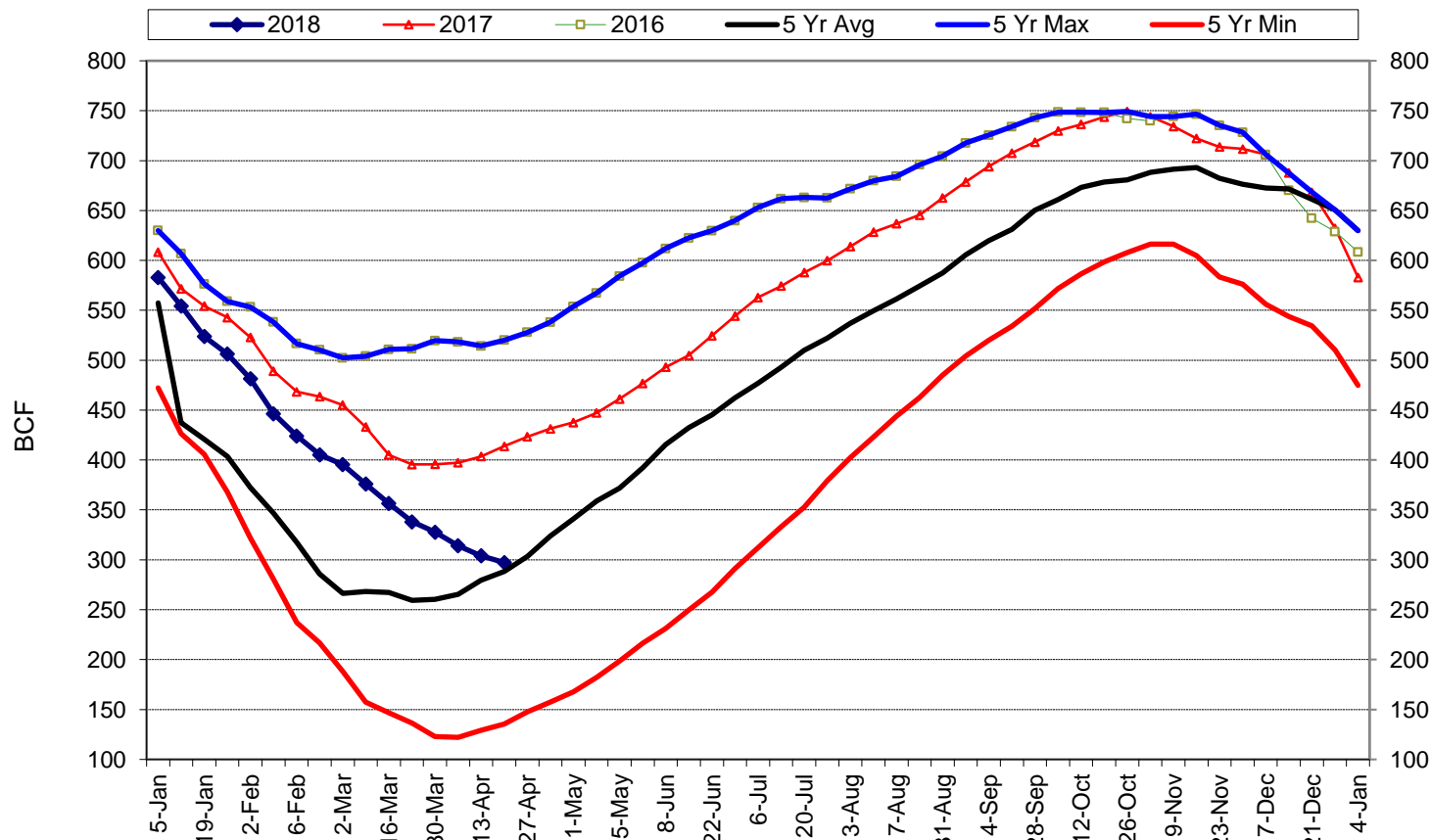
NYMEX Calendar Strips



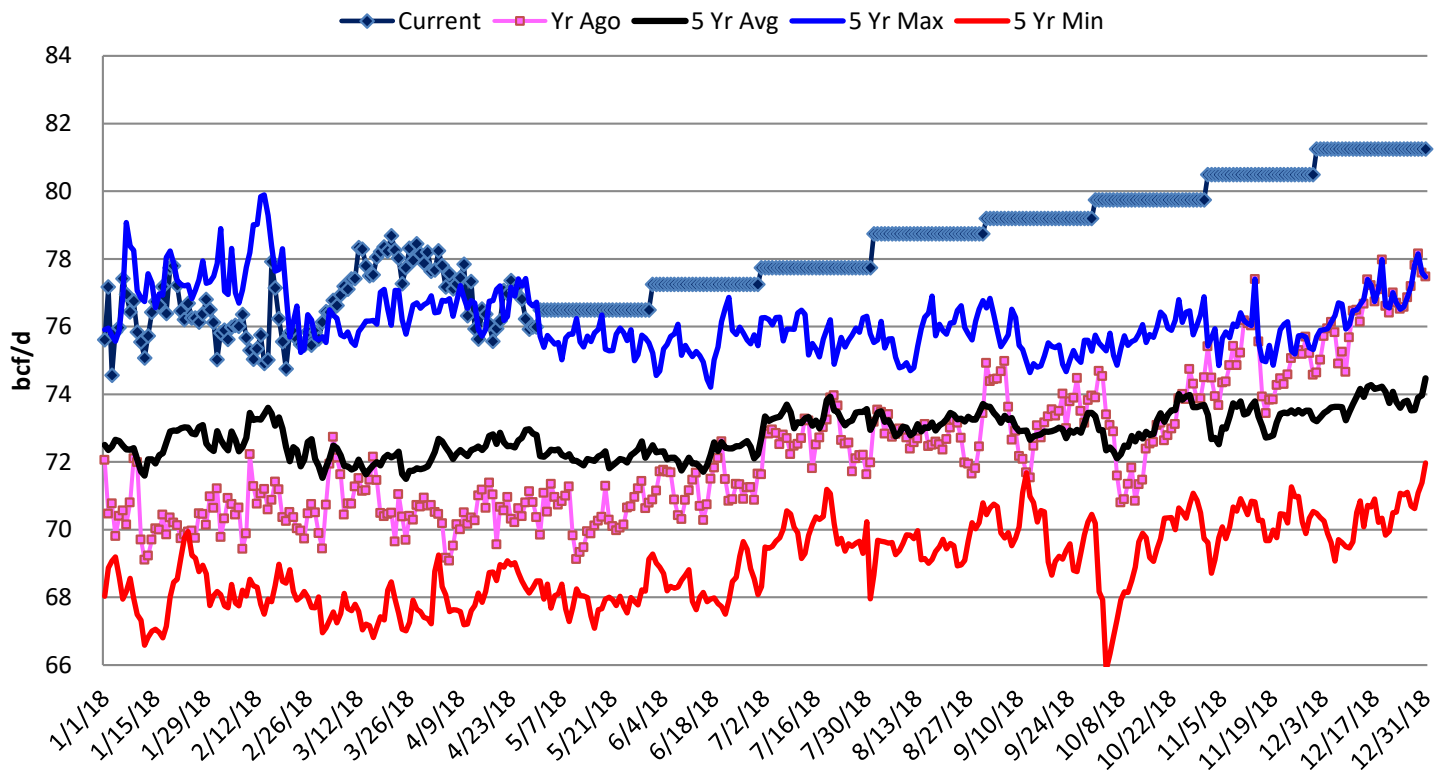
US Total Working Gas Storage - Source - EIA



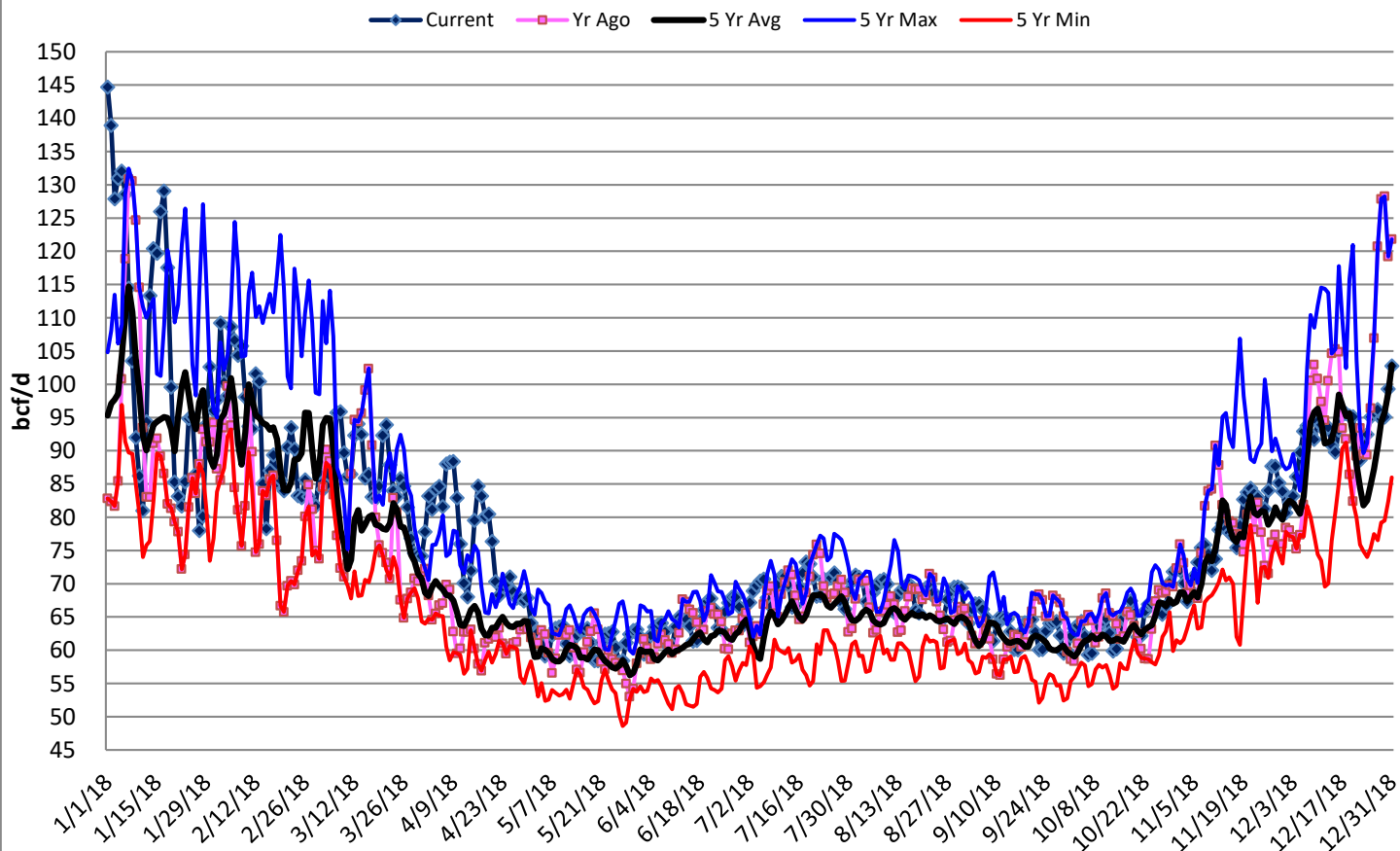
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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