

Natural Gas Market Review and Outlook

For the week ended Nov. 3, '17

Week-to-Week Natural Gas Price Activity — / ↑

Main factors driving natural gas prices: Prices at NYMEX changed little for the week with the market accounting for falling rig drilling activity, and mild weather forecast for the start of November. In contrast, short-term prices at AECO rose noticeably in line with higher spot demand as unusually cold weather set in, and weather forecasts showing a continuation of the conditions into the first full week of November. NOAA is forecasting that above-normal temperatures are most likely to occur in most of the USA by the middle of the month. Unusually cool weather is expected until then with the northern USA from the northern Plains to New England facing a risk of temperatures being far below normal from November 9 to 11, 2017,

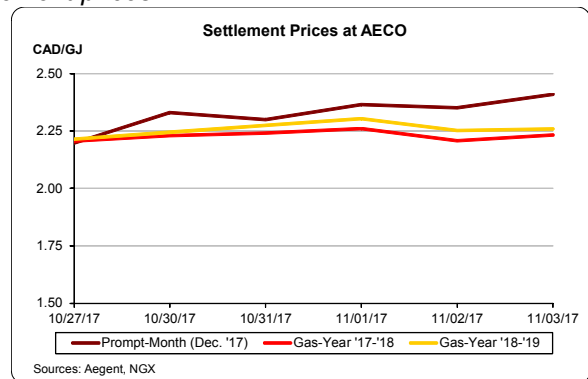
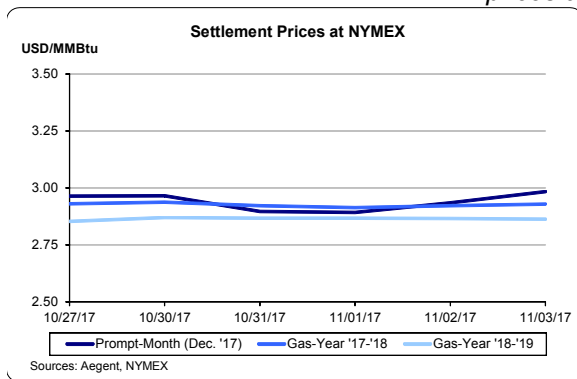
NYMEX prices for week starting Nov. 6, '17 (USD / MMBtu): Price for Dec. '17 is not likely to exceed \$3.19. Price for Winter '17-'18 (Dec. - Mar.) is not likely to exceed \$3.29. Price for Summer '18 (Apr. - Oct.) is not likely to exceed \$3.06 (all projections are at 90% confidence and based on data for Nov. 3, '17).

AECO prices for week starting Nov. 6, '17 (CAD / GJ): Price for Dec. '17 is not likely to exceed \$2.53. Price for Winter '17-'18 (Dec. - Mar.) is not likely to exceed \$2.59. Price for Summer '18 (Apr. - Oct.) is not likely to exceed \$2.09 (all projections are at 90% confidence and based on data for Nov. 3, '17).

NYMEX Prices USD/MMBtu	11/03/17	10/27/17	% Change
Prompt-Month (Dec. '17)	\$2.98	\$2.96	1%
Winter '17-'18 (Dec. - Mar.)	\$3.06	\$3.06	0%
Summer '18 (Apr. - Oct.)	\$2.93	\$2.93	0%
Gas Year '18-'19 (Nov. - Oct.)	\$2.93	\$2.93	0%
Gas Year '19-'20 (Nov. - Oct.)	\$2.86	\$2.85	0%

AECO Prices CAD/GJ	11/03/17	10/27/17	% Change
Prompt-Month (Dec. '17)	\$2.41	\$2.20	10%
Winter '17-'18 (Dec. - Mar.)	\$2.43	\$2.30	6%
Summer '18 (Apr. - Oct.)	\$1.95	\$1.90	3%
Gas Year '18-'19 (Nov. - Oct.)	\$2.23	\$2.21	1%
Gas Year '19-'20 (Nov. - Oct.)	\$2.26	\$2.21	2%

All prices are settlement prices



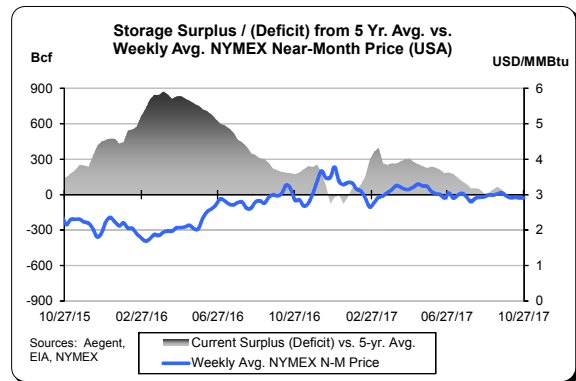
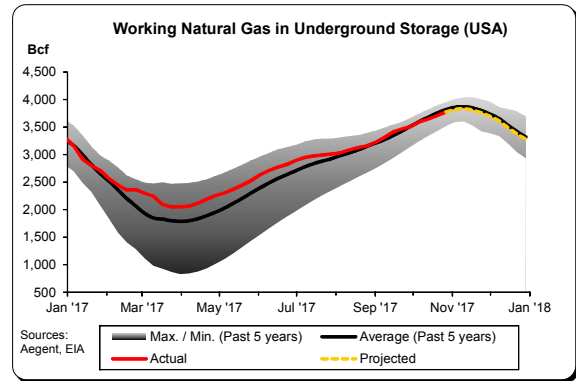
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Fundamentals

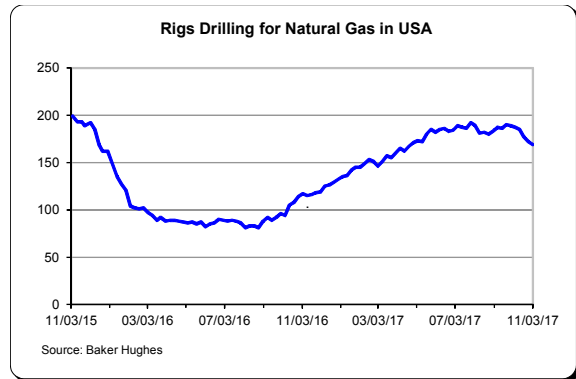
Natural gas: The EIA reported a net injection to storage of 65 Bcf for the week ended Oct. 27, '17, increasing total storage to 3,775 Bcf which is 4.6% below last year's level and 1.1% below the 5-year average. This change beat the market's expectations for a net injection of 62 Bcf. Baker-Hughes reported that the weekly US natural gas rig count as of Nov. 3, '17 was 169 compared to the value on Oct. 27, '17 of 172.

Crude oil: The price of the prompt-month contract rose for the week, moving from \$53.90 US / bbl as of Oct. 27, '17 to \$55.64 US / bbl as of Nov. 3, '17. Prices ended the week higher with a weekly decline in rig drilling activity in the USA, and growing market confidence in oil producing-nations extending their policy of reduced daily output oil producers in the new year.



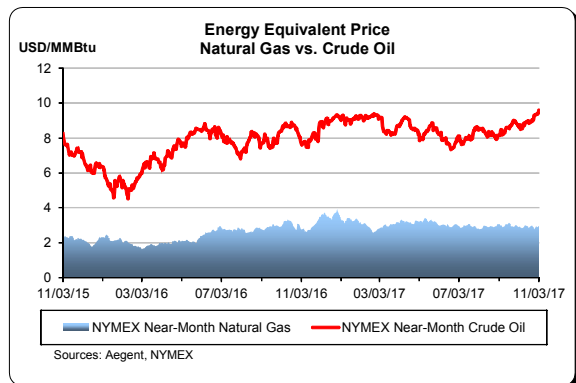
US Natural Gas in Storage (Bcf) (Source: EIA)

Week ended 10/27/17	This year	Year ago	5-year average
Net change	65	56	61
Gas in storage	3,775	3,955	3,817



US Petroleum Stockpiles (MMbbl) (Source: EIA)

Week ended 10/27/17	This year	Week ago	Year ago
Crude oil	454.9	457.3	482.6
Distillate (incl. heating oil)	128.9	129.2	150.6

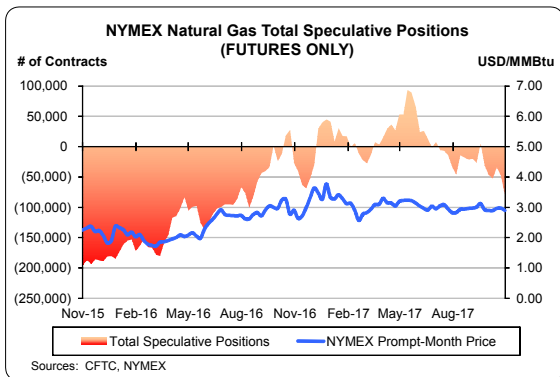
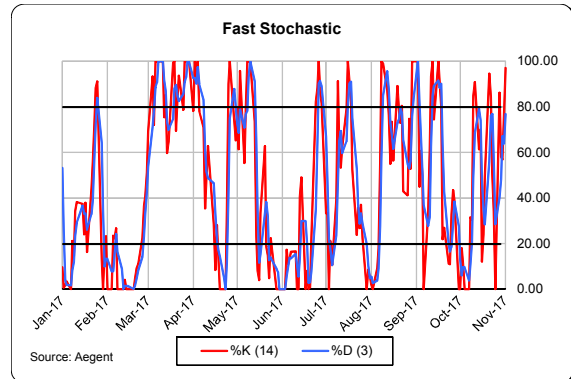
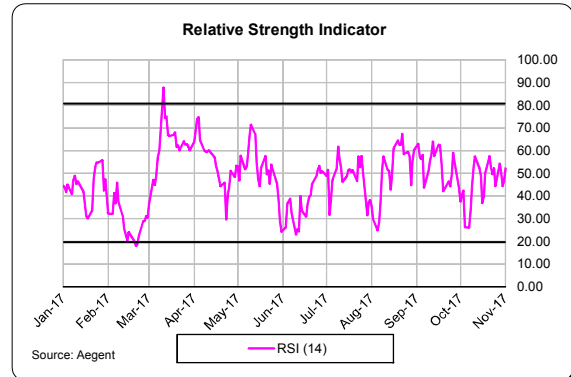
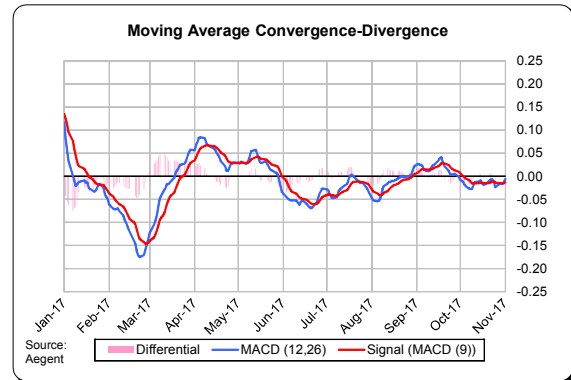
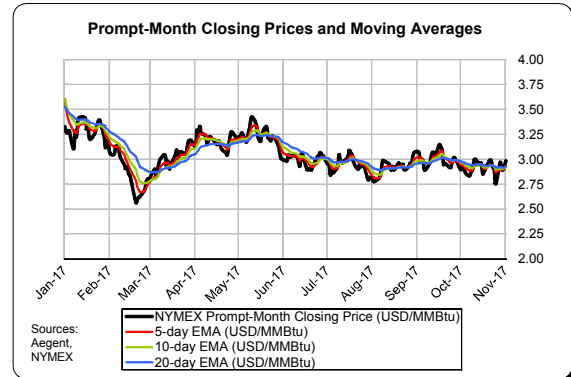


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Technical

Indicators are neutral to bullish for the short-run. The latest closing price of the prompt-month contract (\$2.984 US / MMBtu) is above the 5-, 10- and 20-day EMAs (Exponential Moving Average). Moving Average Convergence-Divergence indicator gave a signal to buy on Nov. 3, '17. Relative Strength Indicator (RSI) is neutral while Fast Stochastic is bullish but suggests overbuying. Prompt-month contract may still face resistance at Fibonacci's retracement of 38.2% for decline from late December 2016 to late February 2017 (\$3.08 US / MMBtu). Support may still be near the lowest closing price for August 2017 (\$2.77 US / MMBtu) or full retracement of rally from mid-February to mid-May 2017 (\$2.56 US / MMBtu).



Speculative Positions on NYMEX Natural Gas Futures (Source: CFTC)

As of 10/31/17	This Week	Week ago
Total Open Interest	1,382,864	1,351,808
Net Position - Total	(80,689)	(48,096)
Net Position - Large Speculators	(102,087)	(70,036)

Note: Parentheses denote net short position

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Temperature Outlooks: Nov. 12 - 20, '17

Weather (maps courtesy of NOAA)

NOAA reports that total Gas Home Heating Degree Days in the USA for the week ended Nov. 4, '17 were 101. The norm for this time of year is 104. For the period Oct. 7 — Nov. 4, '17, cumulative total Gas Home Heating Degree Days stand at 250. The 30-year cumulative average (1971-2000) for the same period is 325.

For the upcoming week, NOAA forecasts Gas Home Heating Degree Days to be 99. The norm for this period is 120.

For the week ended Nov. 3, '17, Cooling Degree Days in Ontario are estimated to be 82. The 5-year average for this period is 79. For the period Oct. 6 — Nov. 3, '17, estimated cumulative total Cooling Degree Days are 188. The average cumulative total of the past 5 years for the same period is 256.

About Aegent

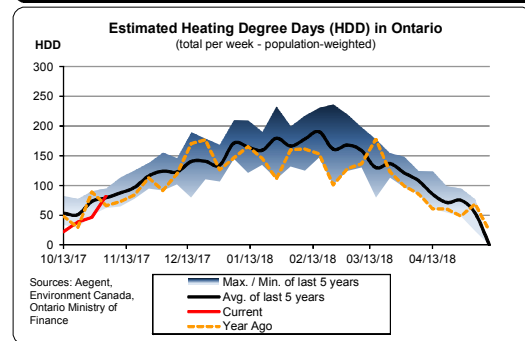
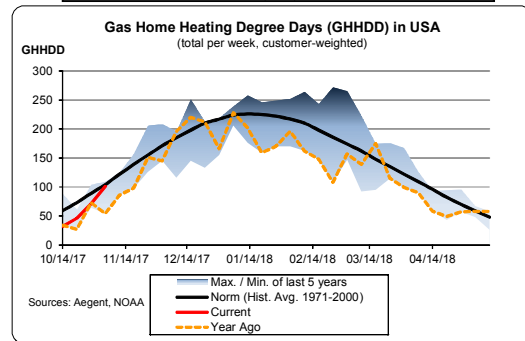
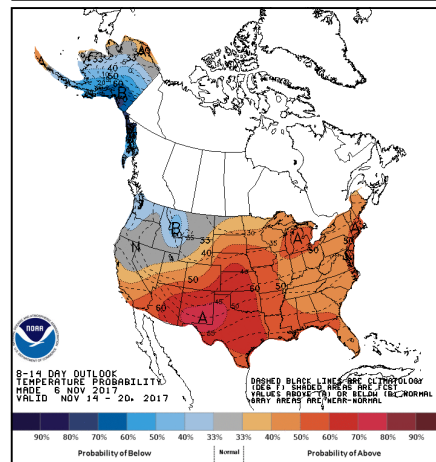
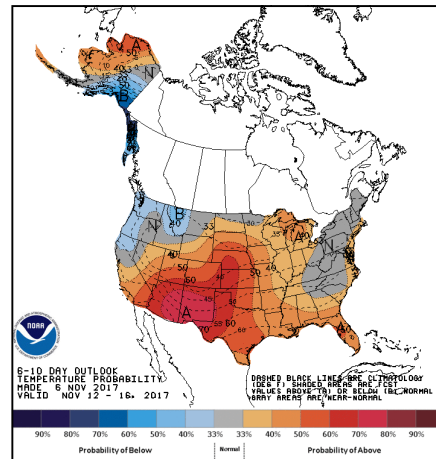
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