

Natural Gas Market Review and Outlook

For the week ended Jul. 6, '18

Week-to-Week Natural Gas Price Activity ↓↓

Main factors driving natural gas prices: Prices at NYMEX and Dawn for delivery in 2019 dropped slightly for the week in response to an addition to storage that exceeded market expectations somewhat and a slight moderation of temperatures in eastern North America in the second week of the month after a lengthy heatwave. Prices to deliver at AECO in the short-term fell noticeably for the week reflecting expectations for reduced consumption in eastern Canada and focus on supply bottlenecks caused by pipeline maintenance. The New England states and New York face a 20% chance of excessive heat occurring between July 17 and 19, 2018, while the Pacific Northwest and Northern California face a similar probability of such conditions occurring between July 17 and 23, 2018.

NYMEX prices for week starting Jul. 9, '18 (USD / MMBtu): Price for Aug. '18 is not likely to exceed \$3.96. Price for Summer '18 (Aug. - Oct.) is not likely to exceed \$2.94. Price for Winter '18 - '19 (Nov. - Mar.) is not likely to exceed \$3.13.

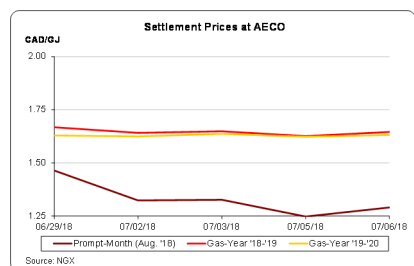
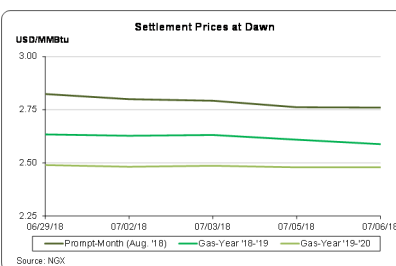
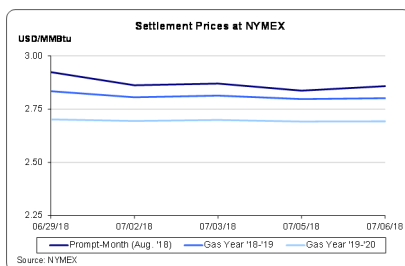
Dawn prices for week starting Jul. 9, '18 (USD / MMBtu): Price for Aug. '18 is not likely to exceed \$2.86. Price for Summer '18 (Aug. - Oct.) is not likely to exceed \$2.79. Price for Winter '18 - '19 (Nov. - Mar.) is not likely to exceed \$3.05.

AECO prices for week starting Jul. 9, '18 (CAD / GJ): Price for Aug. '18 is not likely to exceed \$1.34. Price for Summer '18 (Jul. - Oct.) is not likely to exceed \$1.41. Price for Winter '18 - '19 (Nov. - Mar.) is not likely to exceed \$1.97.

(N.B. all projections are at 90% confidence and based on data for Jul. 6, '18)

NYMEX prices (USD/MMBtu)	07/06/18	06/29/18	% Δ	Dawn prices (USD/MMBtu)	07/06/18	06/29/18	% Δ	AECO prices (CAD/GJ)	07/06/18	06/29/18	% Δ
Prompt-Month (Aug. '18)	\$2.86	\$2.92	-2%	Prompt-Month (Aug. '18)	\$2.76	\$2.82	-2%	Prompt-Month (Aug. '18)	\$1.29	\$1.46	-12%
Summer '18 (Aug. - Oct.)	\$2.84	\$2.91	-2%	Summer '18 (Aug. - Oct.)	\$2.70	\$2.76	-2%	Summer '18 (Aug. - Oct.)	\$1.36	\$1.50	-9%
Winter '18-'19 (Nov. - Mar.)	\$2.98	\$3.05	-2%	Winter '18-'19 (Nov. - Mar.)	\$2.90	\$2.97	-2%	Winter '18-'19 (Nov. - Mar.)	\$1.88	\$1.93	-3%
Gas Year '18-'19 (Nov. - Oct.)	\$2.80	\$2.83	-1%	Gas Year '18-'19 (Nov. - Oct.)	\$2.59	\$2.63	-2%	Gas Year '18-'19 (Nov. - Oct.)	\$1.65	\$1.67	-1%
Gas Year '19-'20 (Nov. - Oct.)	\$2.69	\$2.70	0%	Gas Year '19-'20 (Nov. - Oct.)	\$2.48	\$2.49	0%	Gas Year '19-'20 (Nov. - Oct.)	\$1.63	\$1.63	0%

All prices are settlement prices



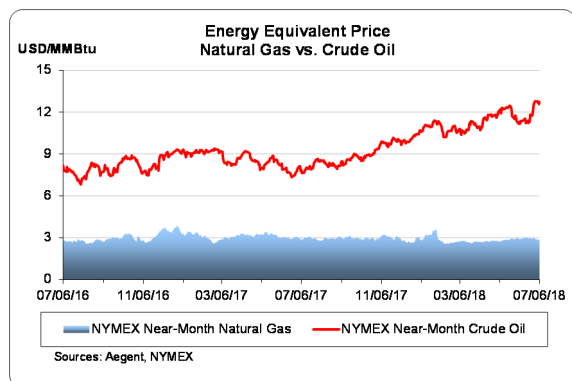
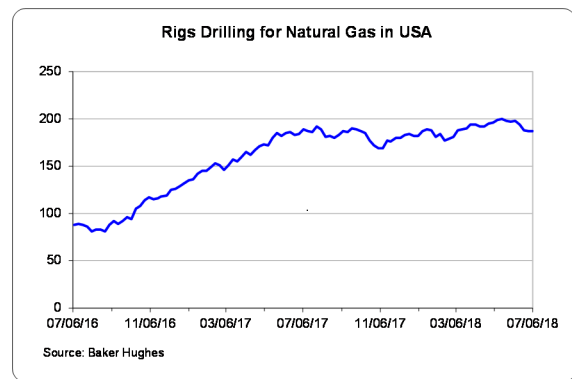
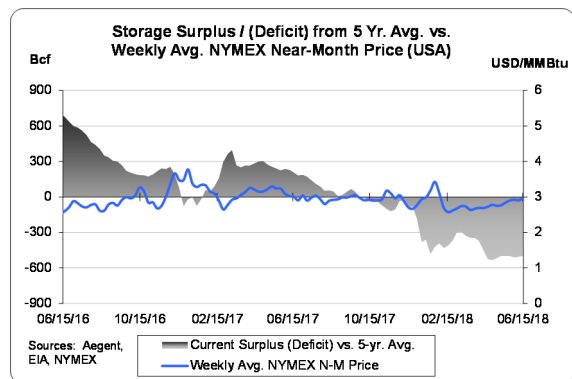
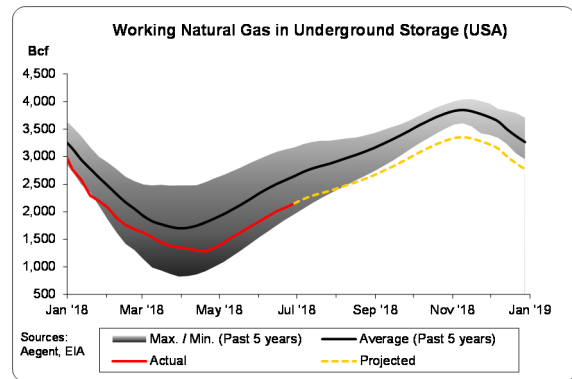
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Fundamentals

Natural gas: The EIA reported a net addition to storage of 78 Bcf for the week ended Jun. 29, '18, increasing total storage to 2,152 Bcf which is 25% below last year's level and 18.6% below the 5-year average. This change was greater than the market's expectations of a net addition of 76 Bcf. Baker-Hughes reported that the weekly US natural gas rig count as of Jul. 6, '18 was 187 - identical to the figure as of Jun. 29, '18.

Crude oil: The price of the prompt-month contract changed little for the week moving from \$74.15 US / bbl as of Jun. 29, '18 to \$73.80 US / bbl as of Jul. 6, '18. The prompt-month contract traded in a narrow range with market participants accounting for the effects of a tightening supply-demand balance worldwide and the risk to aggregate demand if global trade is markedly affected by rising protectionism and establishment of ever higher tariffs - particularly by the USA, China, and EU.



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

Week ended 06/29/18	This year	Year ago	5-year average
Net change	91	64	83
Gas in storage	2,004	2,761	2,503

US Petroleum Stockpiles (MMbbl) (Source: EIA)

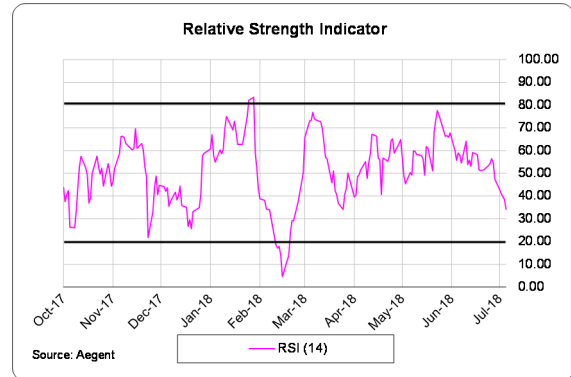
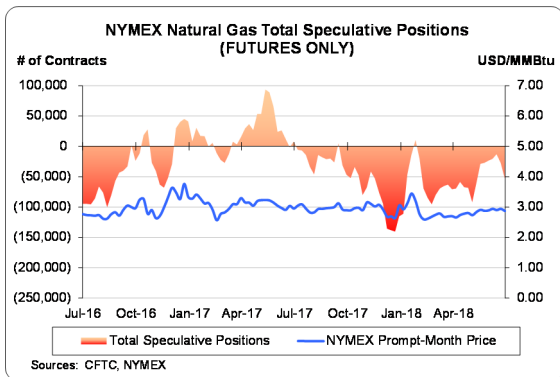
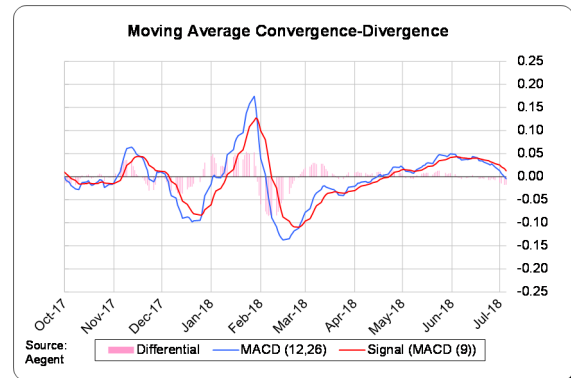
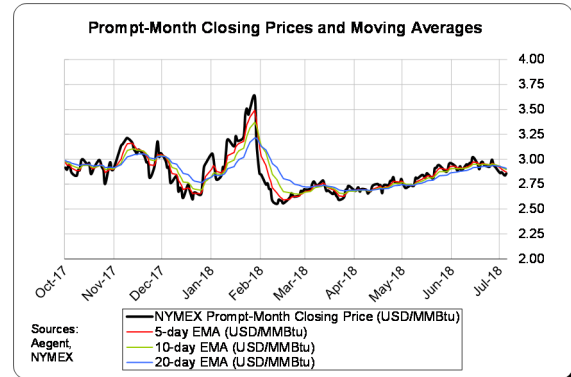
Week ended 06/29/18	This year	Week ago	Year ago
Crude oil	417.9	416.6	502.9
Distillate (incl. heating oil)	117.6	117.4	150.4

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Technical

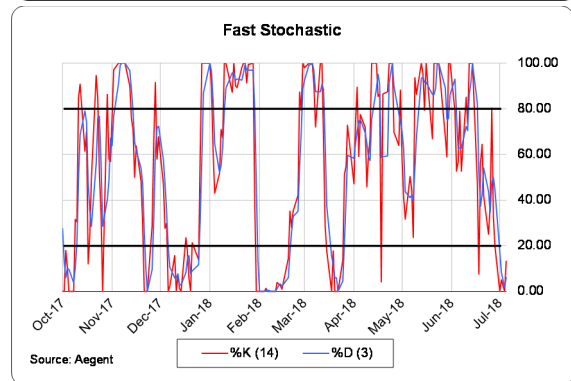
Indicators are bearish for the short-run. The latest closing price of the contract for near-month delivery on NYMEX (\$2.858 US / MMBtu) is below the 5-, 10-, and 20-day EMAs (Exponential Moving Average). Moving Average Convergence-Divergence indicator gave a signal to sell on Jun. 25, '18. Relative Strength Indicator (RSI) and Fast Stochastic are bearish but latter suggests overselling. The contract for near-month delivery may find resistance near 50% retracement for decline from late January to early February (\$3.09 US / MMBtu) or Fibonacci's retracement of 61.8% (\$2.96 US / MMBtu). Near-month contract may still find support near lowest closing price of 2018 to date (\$2.552 US / MMBtu).



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

As of 07/03/18	This Week	Week ago
Total Open Interest	1,488,381	1,457,927
Net Position - Total	(53,099)	(27,647)
Net Position - Large Speculators	(89,795)	(66,949)

Note: Parentheses denote net short position



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Weather (maps courtesy of NOAA)

NOAA reports that total Cooling Degree Days in the USA for the week ended Jul. 7, '18 were 92. The norm for this time of year is 68. For the period Apr. 29 — Jul. 7, '18, cumulative total Cooling Degree Days stand at 501. The 30-year cumulative average (1971-2000) for the same period is 384.

For the upcoming week, NOAA forecasts Cooling Degree Days to be 88. The norm for this period is 72.

For the week ended Jul. 6, '18, estimated Cooling Degree Days in Ontario were 51. The 5-year average for this period is 19. For the period Apr. 28 — Jul. 6, '18, cumulative total estimated Cooling Degree Days are 130. The average cumulative total of the past 5 years for the same period is 90.

About Aegent

Aegent Energy Advisors Inc. provides independent advice and support services to buyers of natural gas and electricity to help them reduce energy costs, manage energy cost risk, and resolve the complexity of the energy marketplace. Aegent's processes for energy procurement and advisory services operate within a Quality Management System that is registered to ISO 9001:2015. Visit us on the web: www.aegent.ca

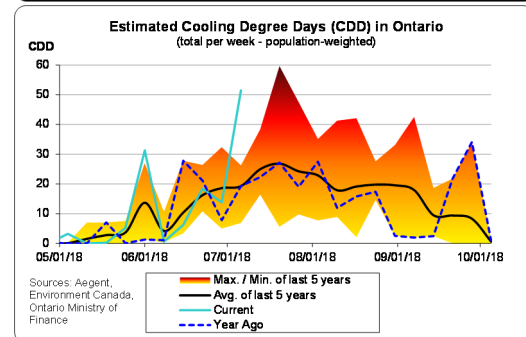
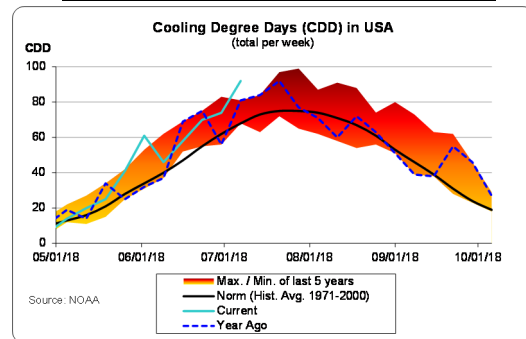
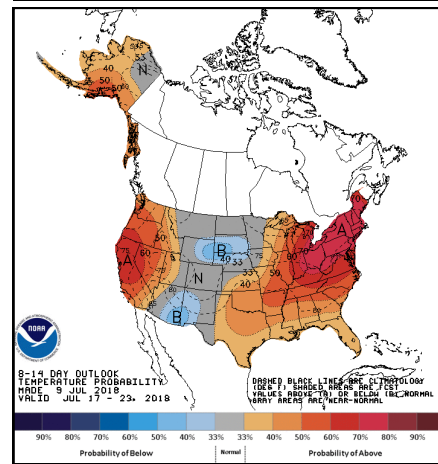
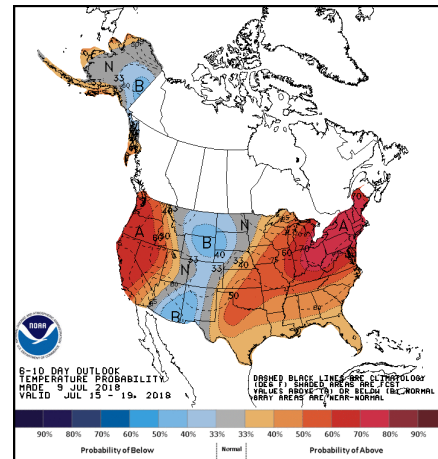
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Temperature Outlooks: Jul. 15 – 23, '18



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