

IAF Advisors  
Energy Market Outlook  
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**Price Action:** Prices rose 18.1 cents (4.1%) to \$4.620 on a 27.3 cent range.

**Price Outlook:** Prices rose as a supportive EIA storage report helped to lift prices. With prices closer to the weekly high and the daunting refill requirement now in focus, the bias is for a new weekly high. Still, bearish sentiment seems intact and a new low is quite possible, especially if weather forecasts are bearish and the weekly storage reveals a more robust build. The CFTC data for April 8 indicated a small increase in the net long position of the managed money category. While remaining net long since March 20, 2012, managed money has been vacillating the last 10 weeks between increases and decreases. While total open interest also rose, to 4.13 million contracts, the net long position as a percentage of open interest yet again actually established a new record. CME futures open interest increased, but remains very depressed at 1.13 million contracts as of April 10.

**Weekly Storage:** US working gas storage for the week ending April 4 indicated a build of 4 bcf. Current inventories of 826 bcf fall 847 bcf (50.6%) below last year and 989 bcf (54.5%) behind the 5 year average.

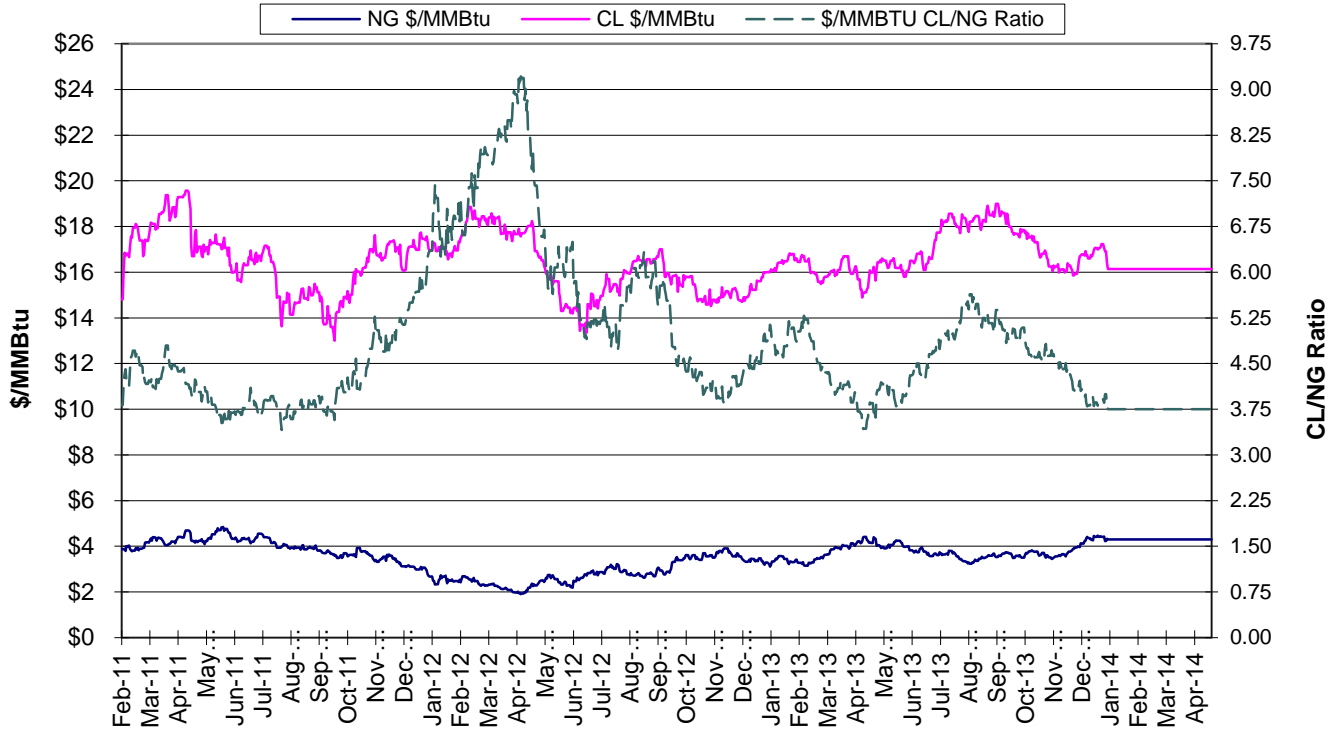
**Storage Outlook:** The start of the injection season has begun and the simple metric of the 5 year maximum injection will generally be used as a benchmark. It is simple. It is unemotional. It gives an easy to measure pace of injections and updated end of season forecast. This week it is considered highly unlikely to meet the maximum of 87 bcf, but the 5 year maximum injection pace would add 2,746 bcf into early December and would lift inventories to 3,572 bcf.

**Supply Trends:** Total supply rose 0.1 bcf to 69.6 bcf/d. US production was again higher with Canadian imports lower. LNG imports rose and Mexican exports were unchanged. The US Baker Hughes rig count rose 13 as a rise in oil activity again outpaced a decline in natural gas. The Canadian count dropped 23 as the normal seasonal decline remains in place at a slowing pace. Thus, the total North American rig count fell by 10 to 2,043 and now surpasses last year by 116. The higher efficiency US horizontal rig count was unchanged at 1,224 and stands 122 above last year.

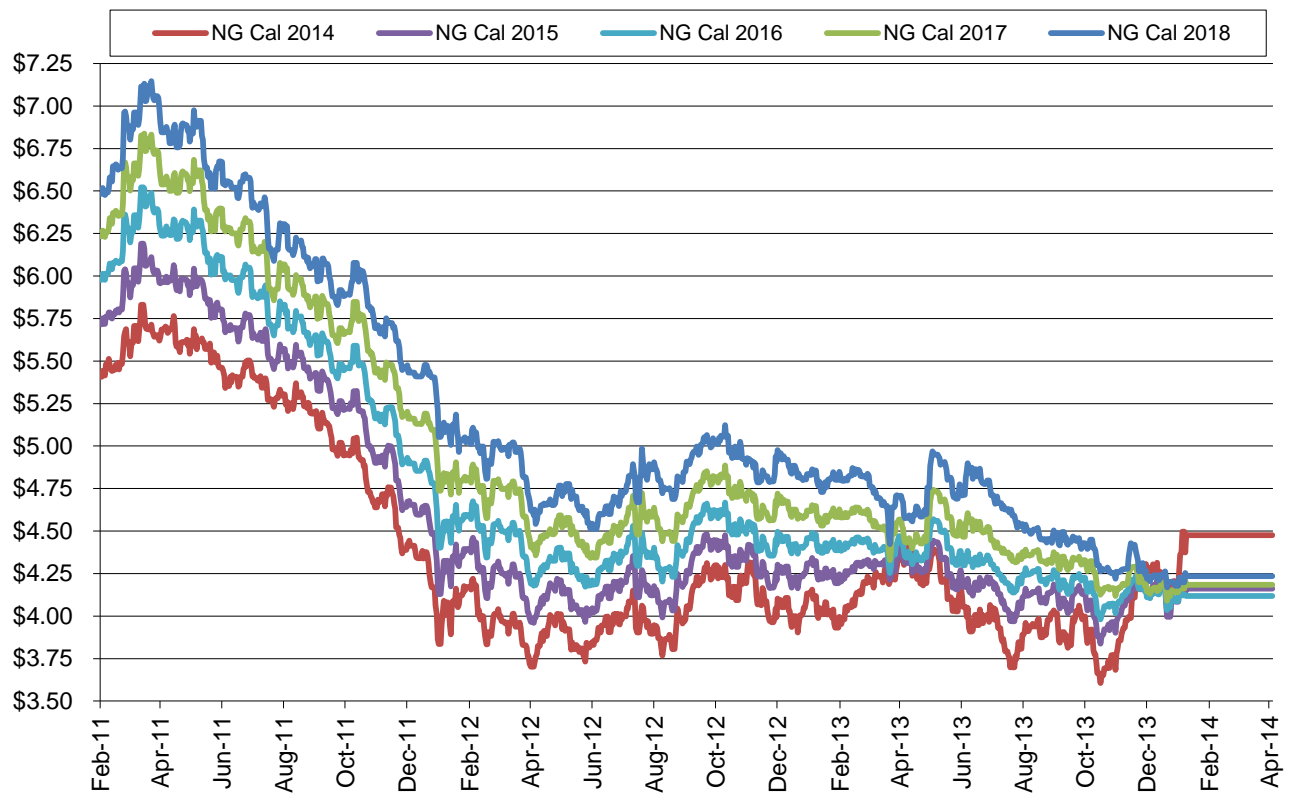
**Demand Trends:** Total demand fell 13.4 bcf/d to 66.8 bcf/d. R&C lead the drop with power a distant second. Electricity demand fell 3,713 gigawatt-hrs to 69,003, which trails last year by 266 (0.4%) and the 5 year average by 286 (0.4%).

**Other Factors:** The S&P 500 fell to the lowest close since February 10 with focus on upcoming Q1 company earnings reports.

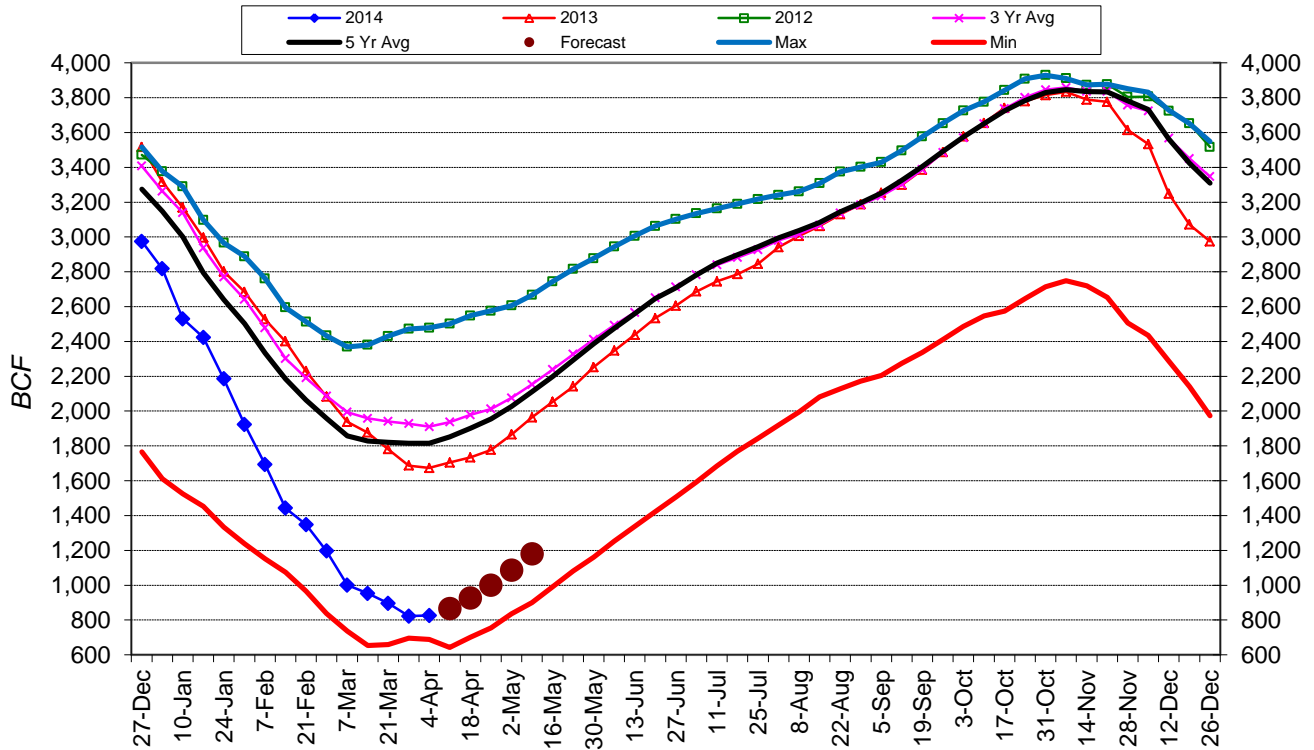
## \$/MMBtu Ratio of NYMEX CL and NG



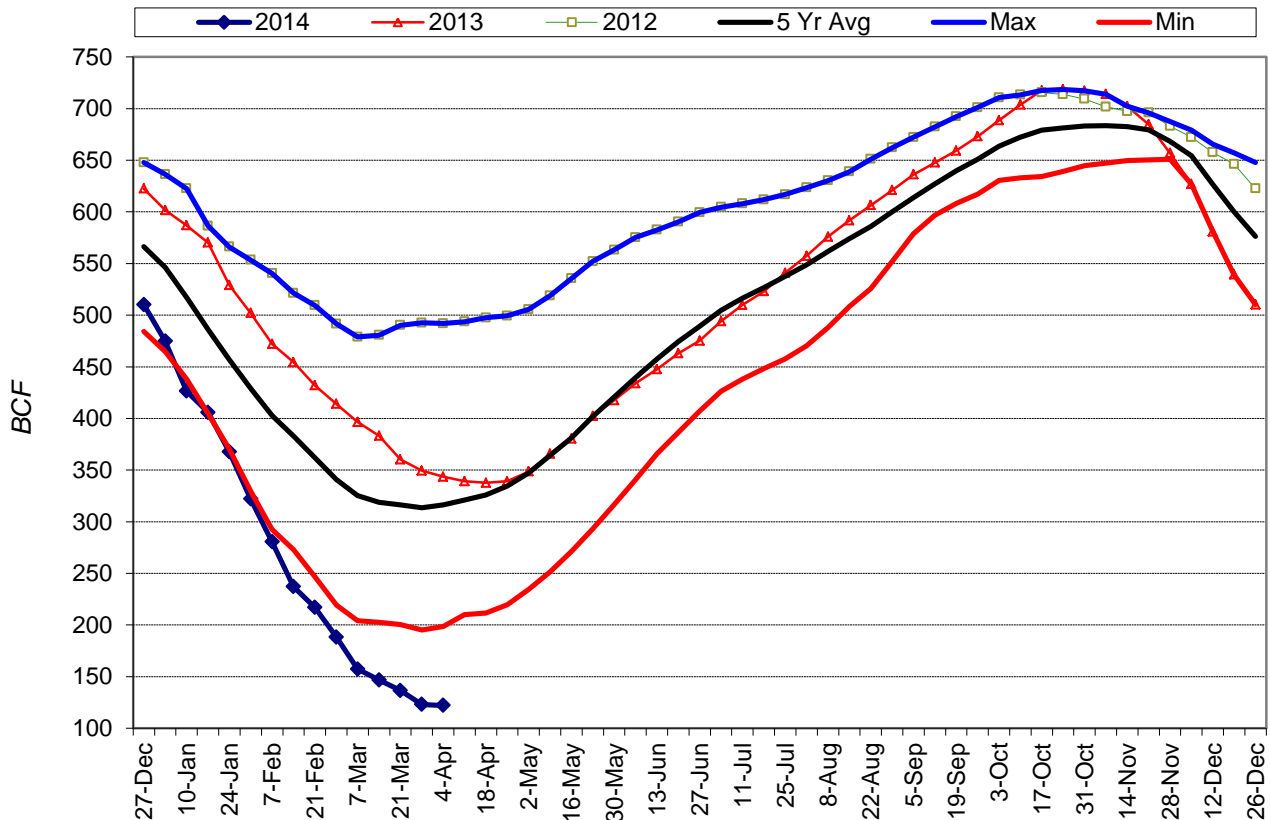
## NYMEX Calendar Strips



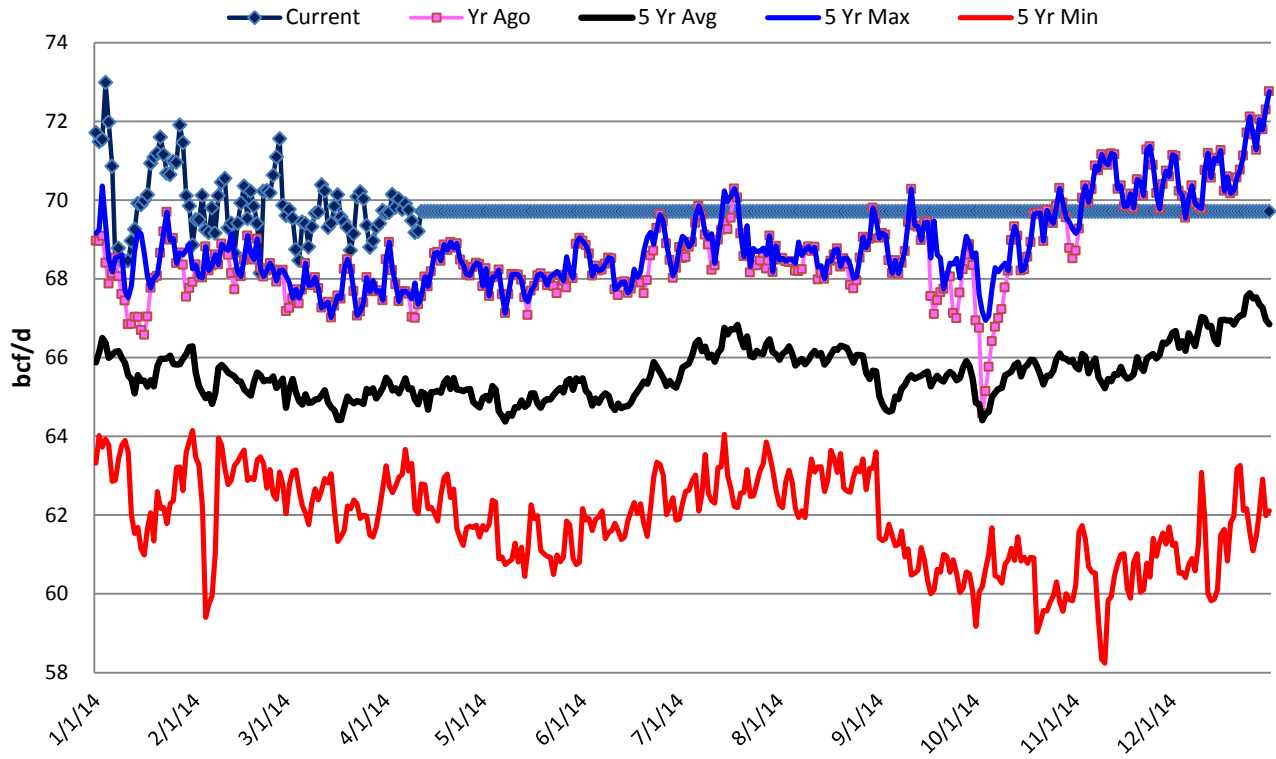
## US Working Gas Storage - Source - EIA



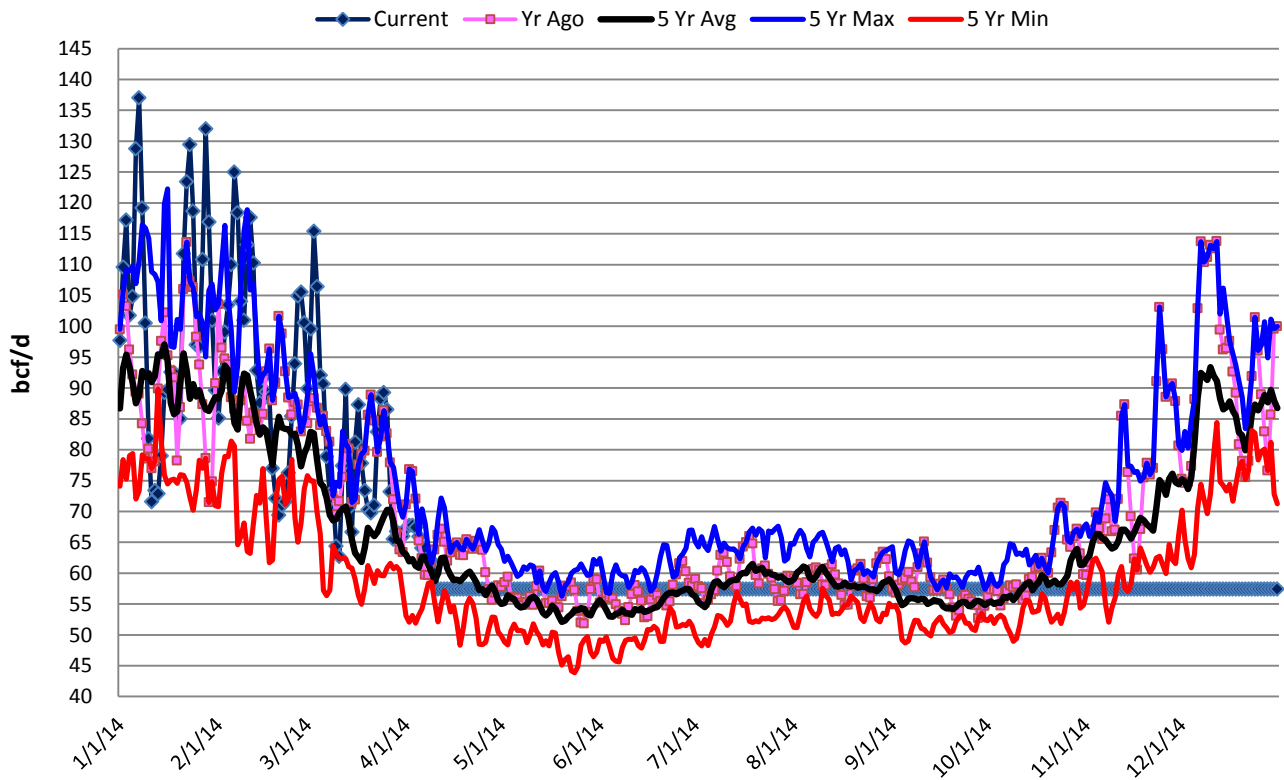
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



#### **ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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