

IAF Advisors/Criterion Research  
Energy Market Outlook  
Kyle Cooper, (713) 248-3009 Kyle.Cooper@IAFAdvisors.com  
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**Please contact me if you wish to review a joint RBN Energy daily publication detailing natural gas fundamental factors.**

**Price Action:** The May contract rose 23.8 cents (12.5%) to \$2.140 on a 27.5 cent range.

**Price Outlook:** Natural gas posted both a new high and low as this week's prices established a new low early in the week and ended with a new high. The rise was likely driven by daily storage data that was significantly lower than expected and suggests a noticeable bullish shift in the underlying supply/demand balance. If sustained and verified, it could have material impact on forward pricing assumptions. CFTC data indicated an increase in the managed money net long position to the largest since December 16, 2014. Total open interest rose to 3.543 million as of April 19. Aggregated CME futures open interest fell to 1.112 million as of April 22.

**Weekly Storage:** US working gas storage for the week ending April 15 indicated a net injection of 7 bcf to 2,484 bcf. Current inventories rise 856 bcf (52.6%) above last year while surpassing the 5 year average by 806 bcf (48.1%).

**Storage Outlook:** This week's storage change was mathematically smaller than both last year's +88 bcf build and the 5 year average injection of +48 bcf. The upcoming storage change will compare against last year's +82 bcf and a 5 year average injection of +54 bcf. Thus the yearly storage surplus should contract noticeably while the surplus to the 5 year average should remain relatively unchanged. There was an apparent significant bullish shift in daily storage data. The impacts of temperature on projected storage injections during the heart of cooling season suggest a difference of 291 bcf between the most bullish and most bearish temperatures witnessed since 1994. This pales in comparison to the impact of winter deviations that suggest a 1,149 bcf differential based on weather impacts.

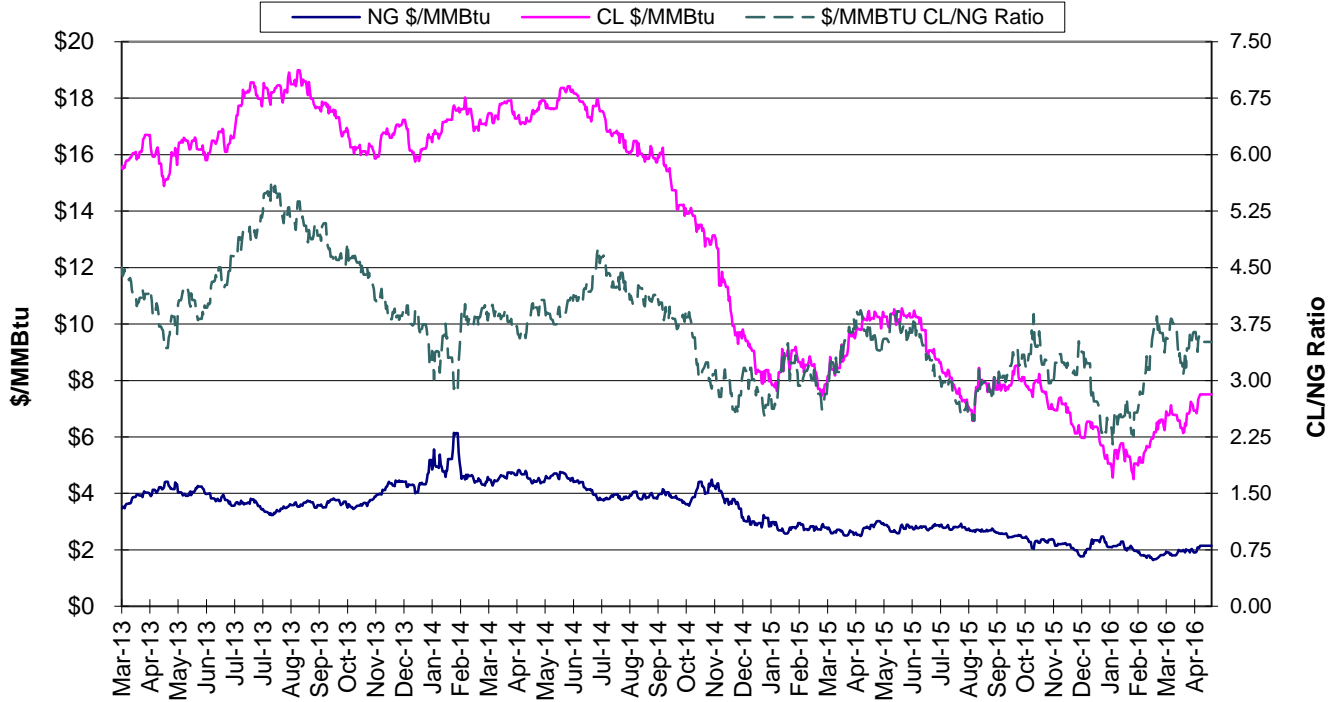
**Supply Trends:** Total supply fell 0.1 bcf/d to 75.0 bcf/d. LNG imports and Mexican exports rose. US production was unchanged while Canadian imports fell. The US Baker Hughes rig count fell 9 as both oil and natural gas activity dropped. The total US rig count now stands at 431. The Canadian rig count was unchanged and now stands at 40. Thus, the total North American rig count fell 9 to 471 and now trails last year by 540, which is down from the record 1,441 yearly deficit recorded on December 11, 2015. The higher efficiency US horizontal rig count fell 3 to 332 and falls 388 below last year.

**Demand Trends:** Total demand fell 1.6 bcf/d to 70.9 bcf/d. R&C and power demand fell while industrial rose. Electricity demand fell 772 gigawatt-hrs to 68,014 which trails last year by 371 (0.5%) while trailing the 5 year average by 612 (0.9%).

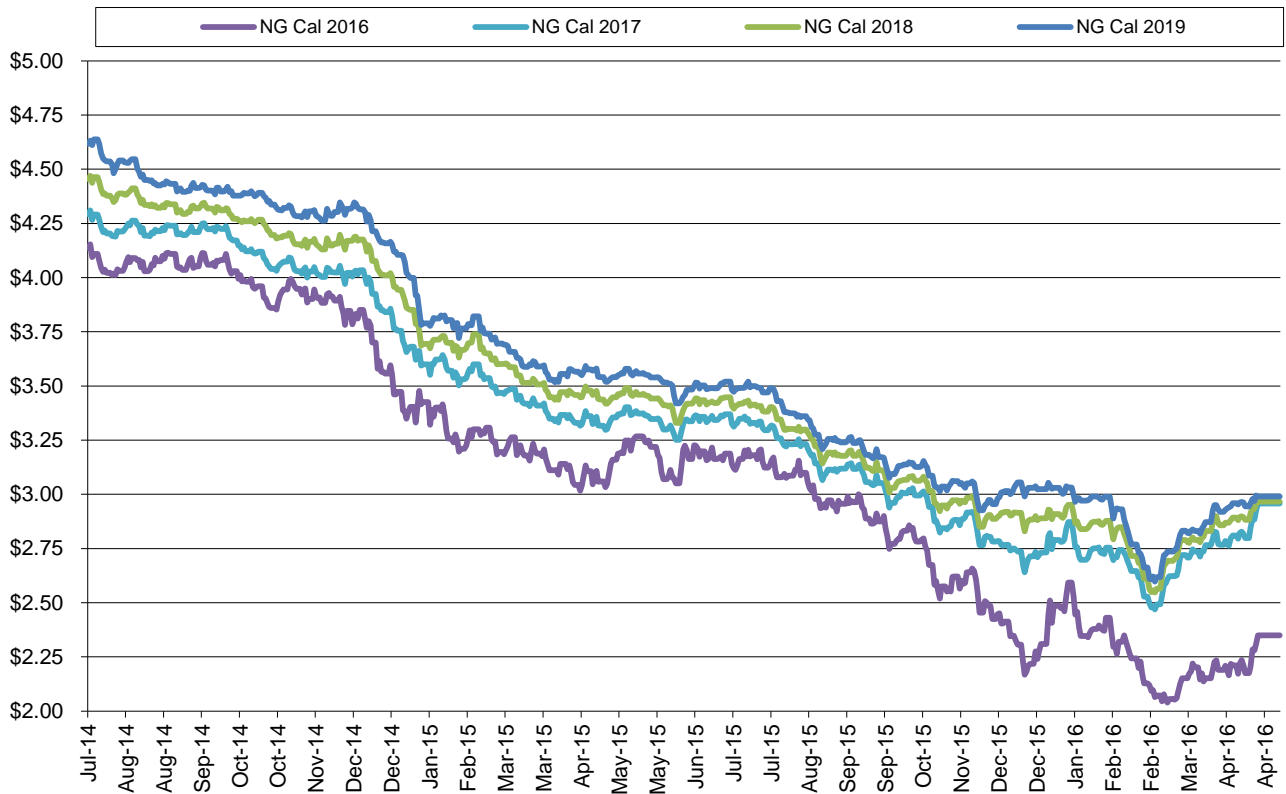
**Other Factors:** Nuclear generation fell 1,533 MW in the reference week to 84,492 MW. This is 4,070 MW higher than last year and 7,599 MW higher than the 5 year average. Recent output is just below 83,000 MW.

- The 2015/16 heating season is obviously coming to end and is easily the least severe since 2011/12. With a forecast through May 6, the 2015/16 total heating index is at 2,401 compared to 2,882 for 2014/15, 3,224 for 2013/14, 3,039 for 2012/13 and 2,567 for 2011/12.

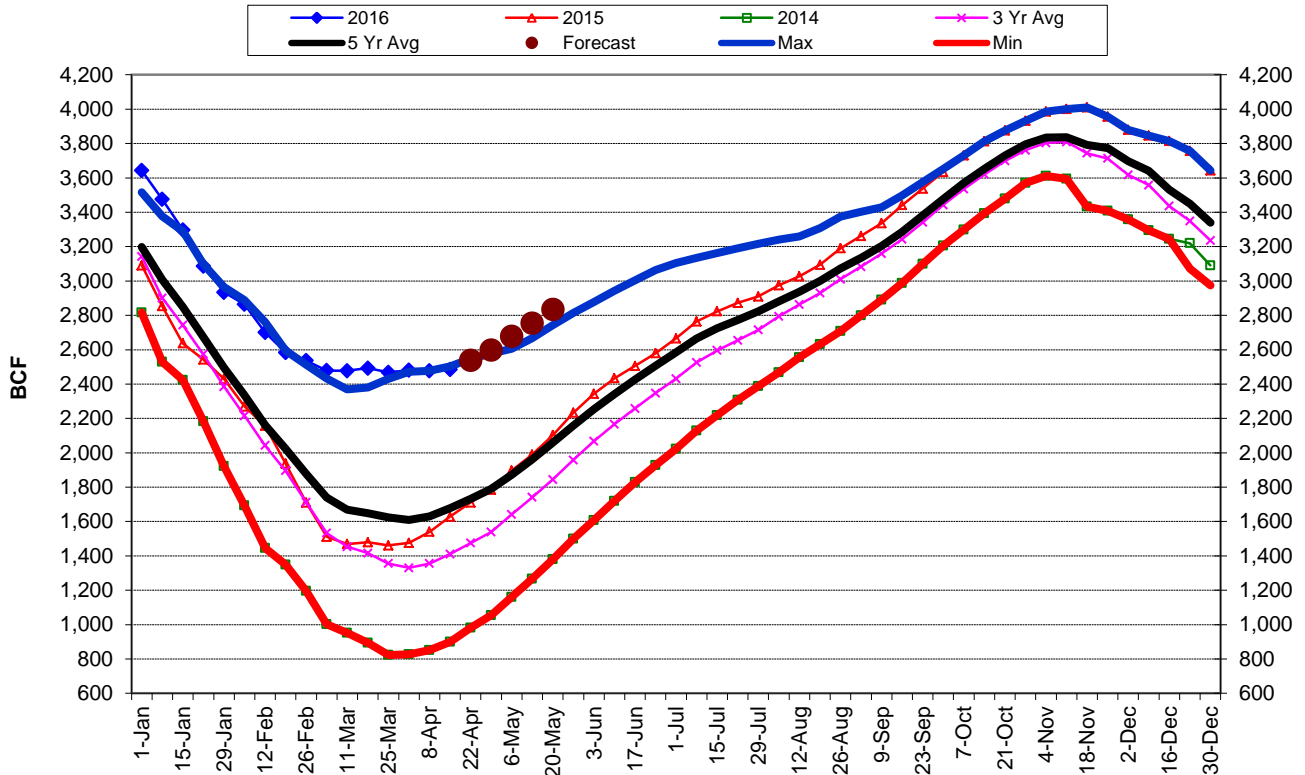
### \$/MMBtu Ratio of NYMEX CL and NG



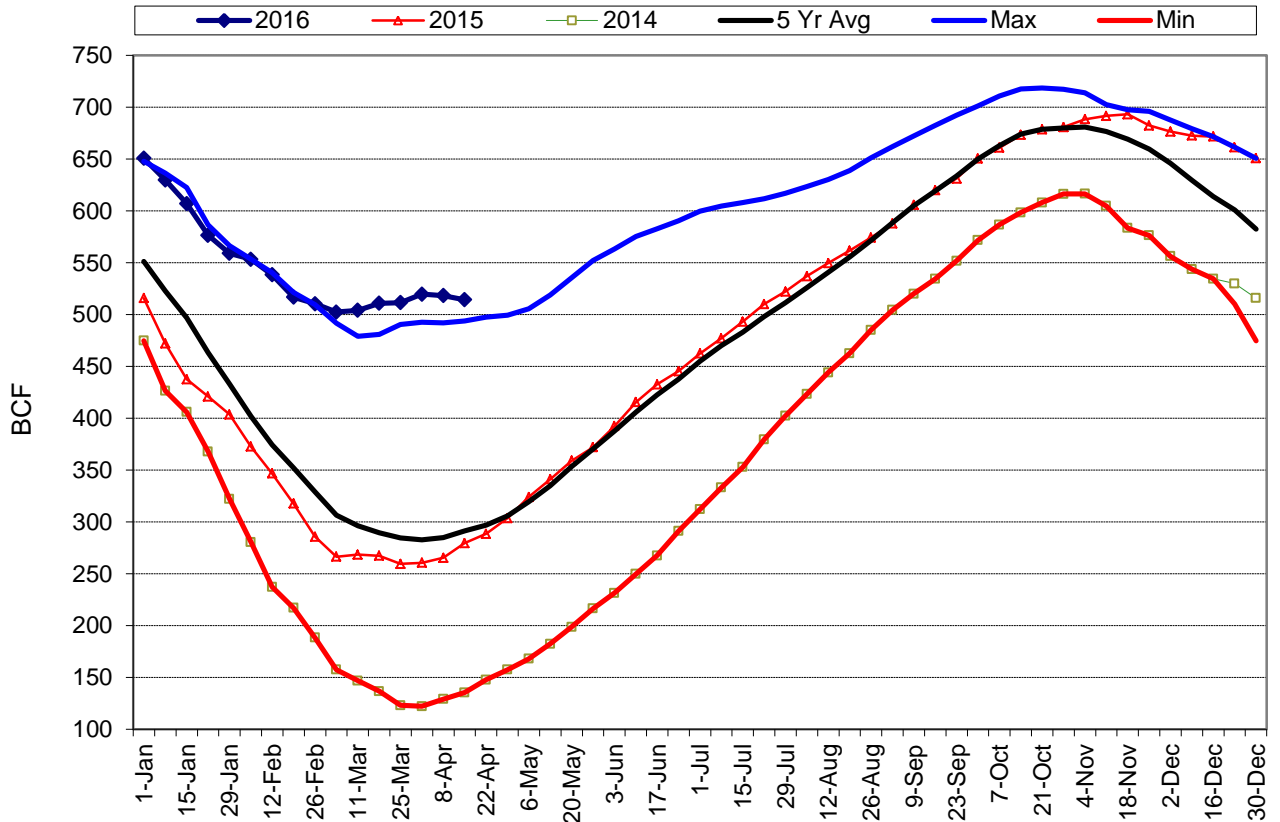
### NYMEX Calendar Strips



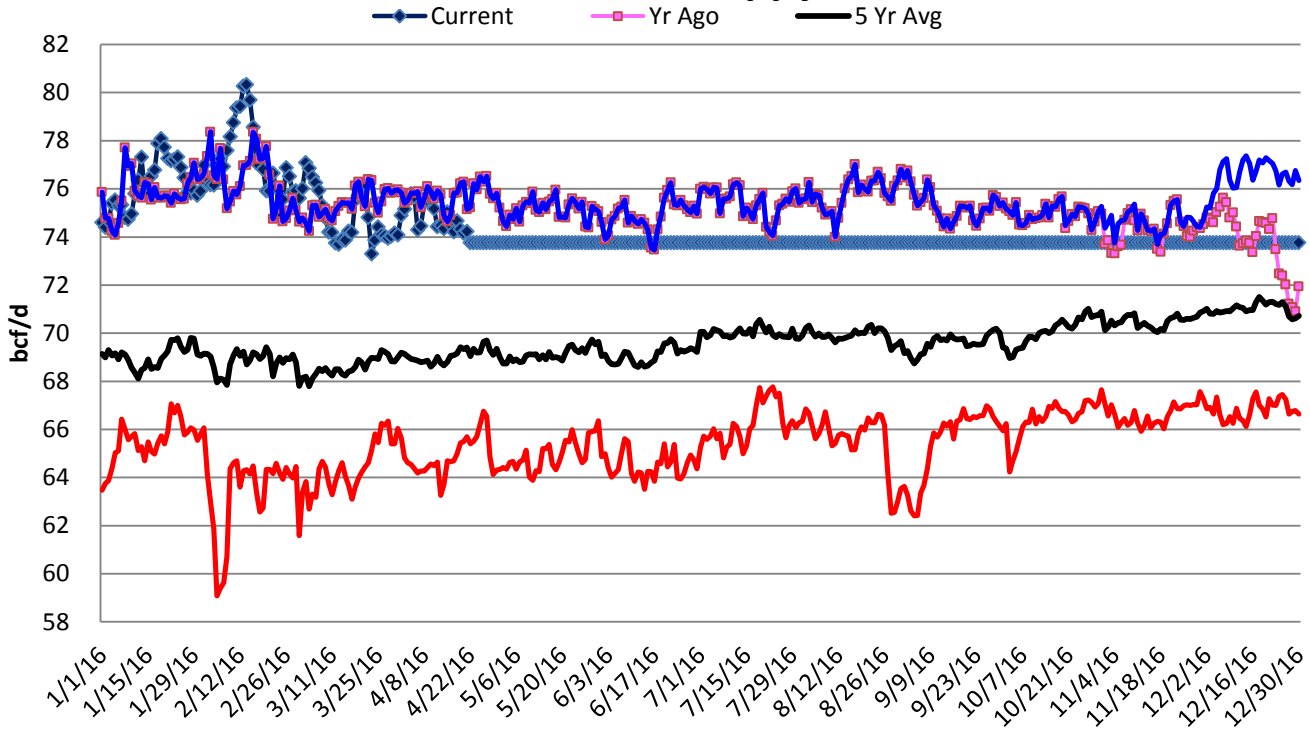
### US Total Working Gas Storage - Source - EIA



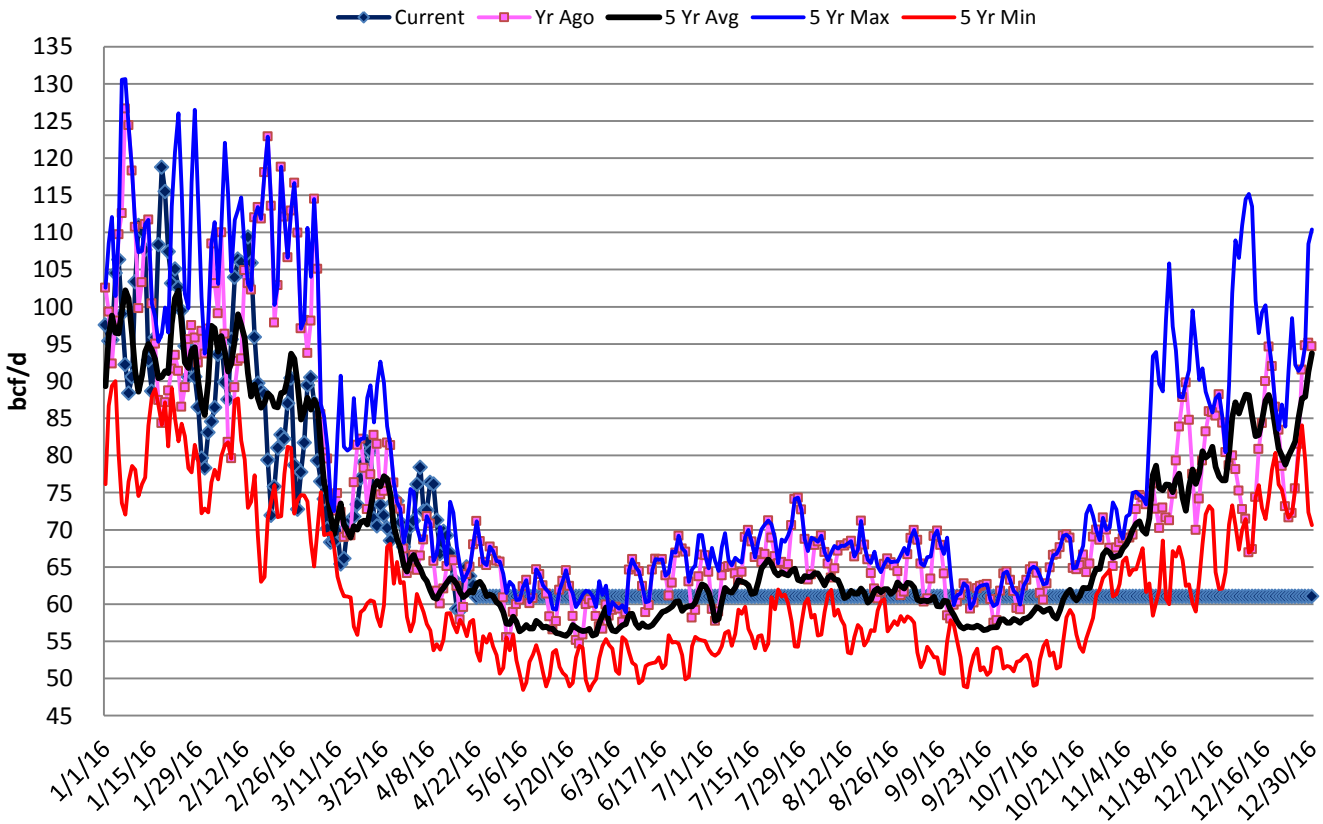
### Canadian Working Gas Storage - Enerdata



# US Total Supply



# US Total Demand



## ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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