

Kyle Cooper, (713) 248-3009, [Kyle.Cooper@iafadvisors.com](mailto:Kyle.Cooper@iafadvisors.com)

***Week Ending December 21, 2018***

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

**Price Action:** The January contract fell 1.1 cents (0.3%) to \$3.816 on a 42.2 cent range (\$3.938/\$3.516).

**Price Outlook:** This week's 42.2 cent range was less than half of last week's 87.9 cent range, but still elevated. While the 15-day forecast was quite bearish, longer-term models suggest the potential for a very cold January as a polar vortex, similar to 2013/14 delivers Artic air into the lower 48. If this does occur, prices likely have higher to go. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (9,370) contract reduction in the managed money net long position as longs added and shorts added. Total open interest fell (52,400) to 3.692 million as of December 18. Aggregated CME futures open interest fell to 1.231 million as of December 21. This is the lowest total delta adjusted open interest since July 31, 2018. This is the lowest CME OI since February 9, 2017. With December 31 on a Monday and liquidity already low, if more traders take a 4-day weekend price moves on that day may be extreme. The current weather forecast is now warmer than 7 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.9 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 0.425 bcf. Cameron is exporting 0.015 bcf.

**Weekly Storage:** US working gas storage for the week ending December 14 indicated a withdrawal of (141) bcf. Working gas inventories fell to 2,773 bcf. Current inventories fall (671) bcf (-19.5%) below last year and fall (713) bcf (-20.5%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was (8) bcf from our EIA storage estimate. This week's storage miss is back within our tolerance. Over the last 5 weeks, the EIA has reported a total withdrawal of (294) bcf compared to our (295) bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

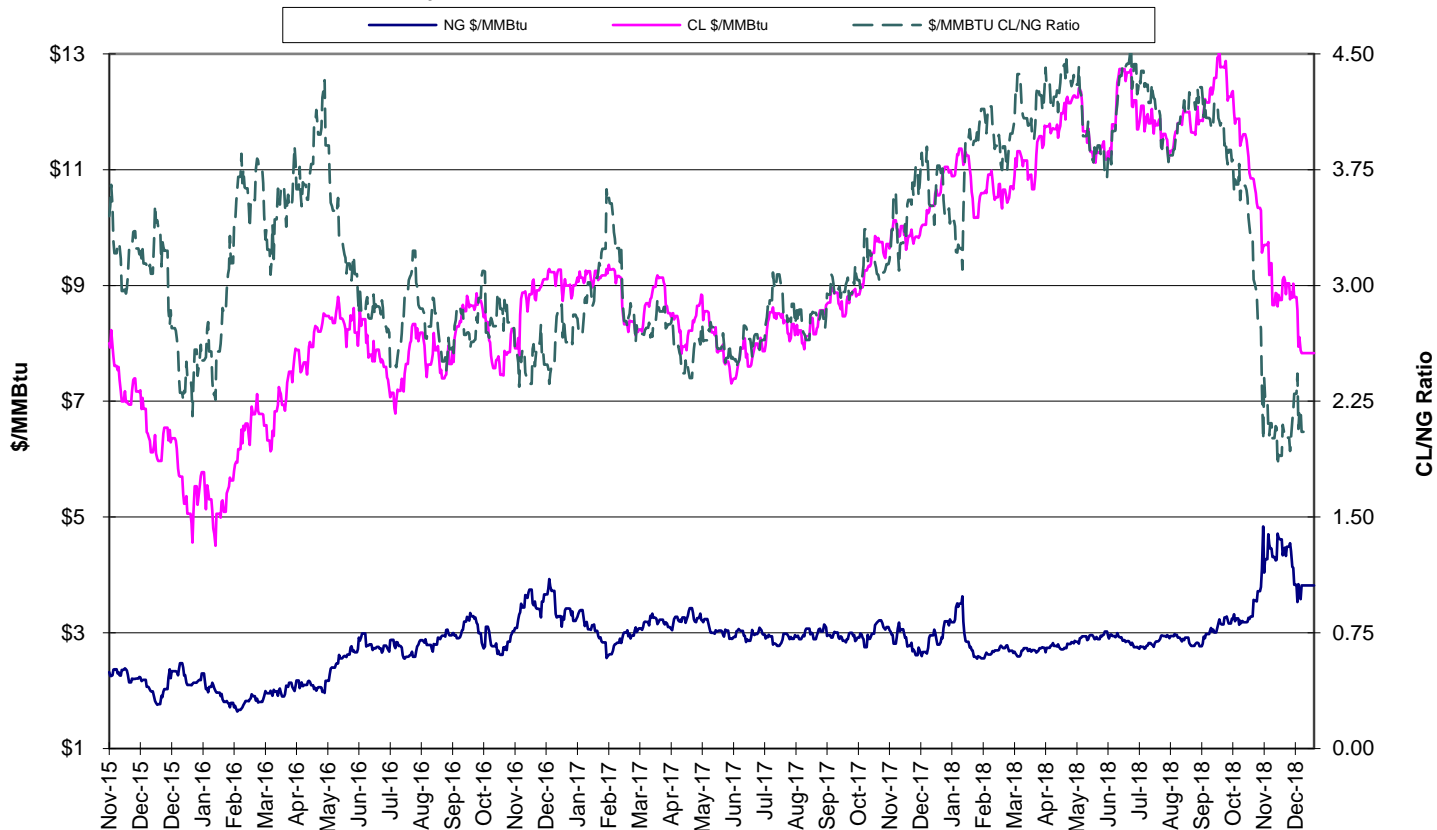
**Supply Trends:** Total supply rose 0.2 bcf/d to 81.8 bcf/d. US production fell. Canadian imports rose. LNG imports rose. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count rose +9. Oil activity increased +10. Natural gas activity decreased (1). The total US rig count now stands at 1,080. The Canadian rig count fell (43) to 131. Thus, the total North American rig count fell (34) to 1,211 and now exceeds last year by +70. The higher efficiency US horizontal rig count rose +13 to 940 and rises +139 above last year.

**Demand Trends:** Total demand rose +8.3 bcf/d to +100.9 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +793 gigawatt-hrs to 79,940 which trails last year by (1,267) (-1.6%) and trails the 5-year average by (86) (-0.1%).

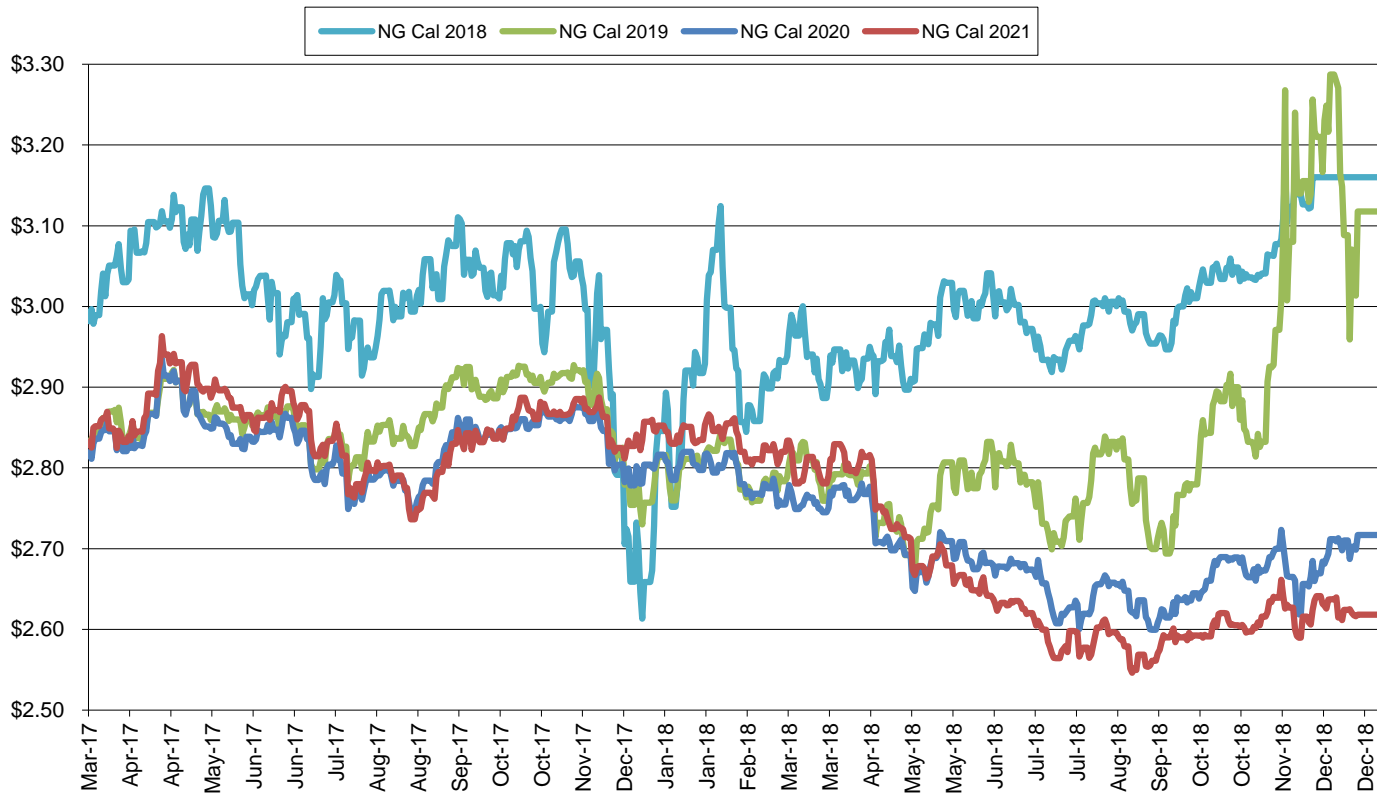
**Nuclear Generation:** Nuclear generation rose 539 MW in the reference week to 91,595 MW. This is (2,887) MW lower than last year and (1,131) MW lower than the 5-year average. Recent output was at 92,091 MW.

- The heating season has begun. With a forecast through January 4 the 2018/19 total cooling index is at (1,244) compared to (998) for 2017/18, (941) for 2016/17, (842) for 2015/16, (1,127) for 2014/15, (1,308) for 2013/14, (1,115) for 2012/13 and (1,091) for 2011/12.

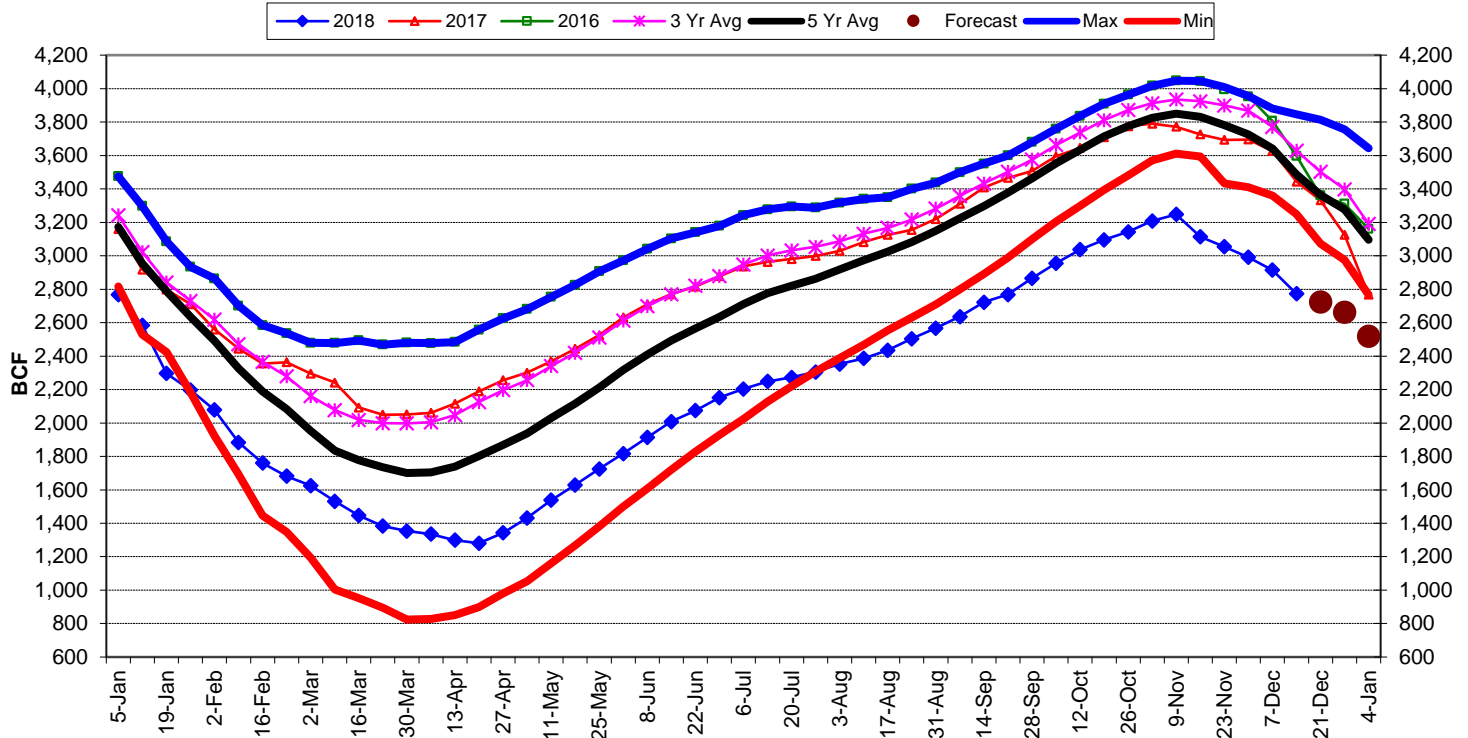
## \$/MMBtu Ratio of NYMEX CL and NG



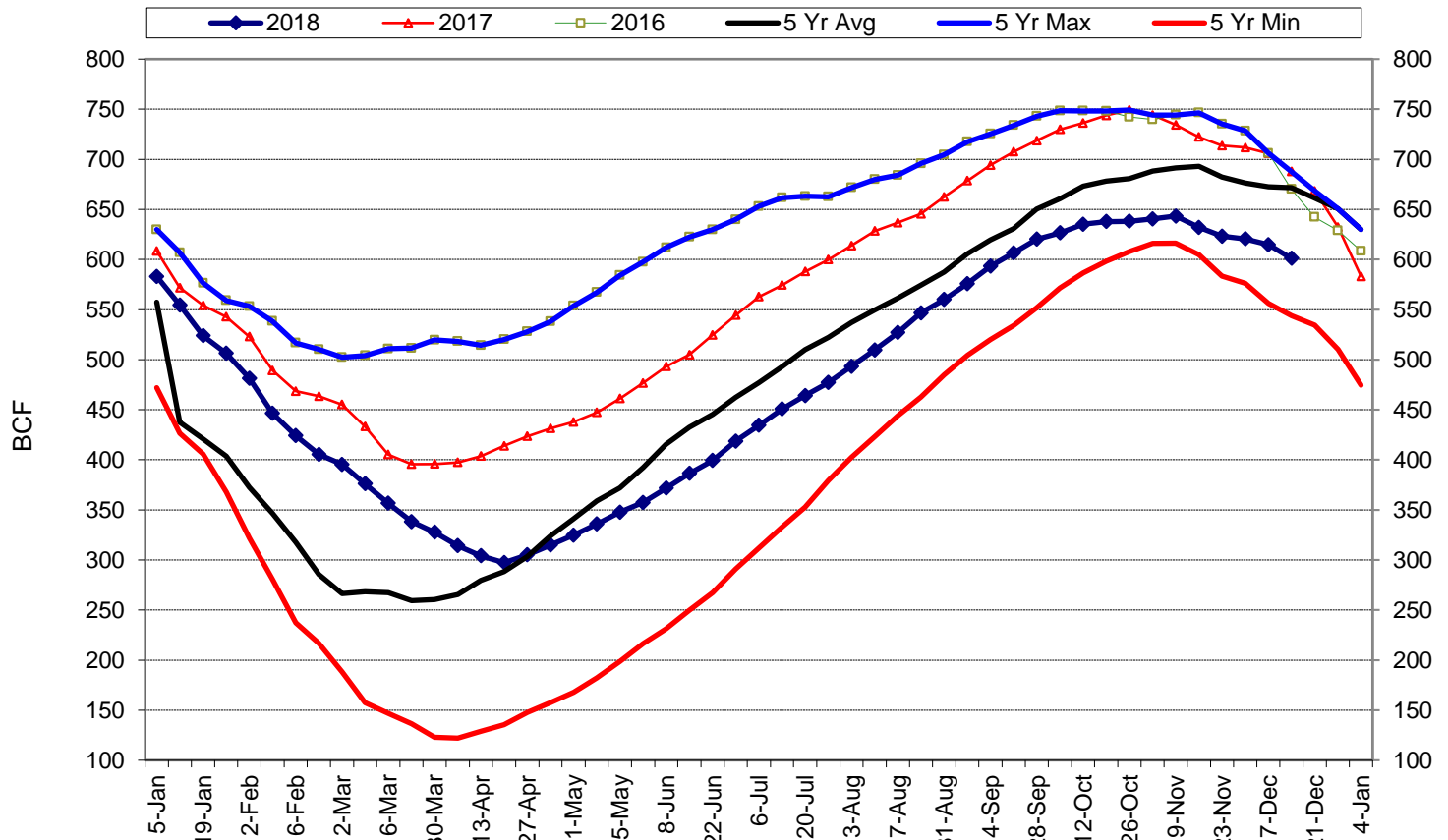
## NYMEX Calendar Strips



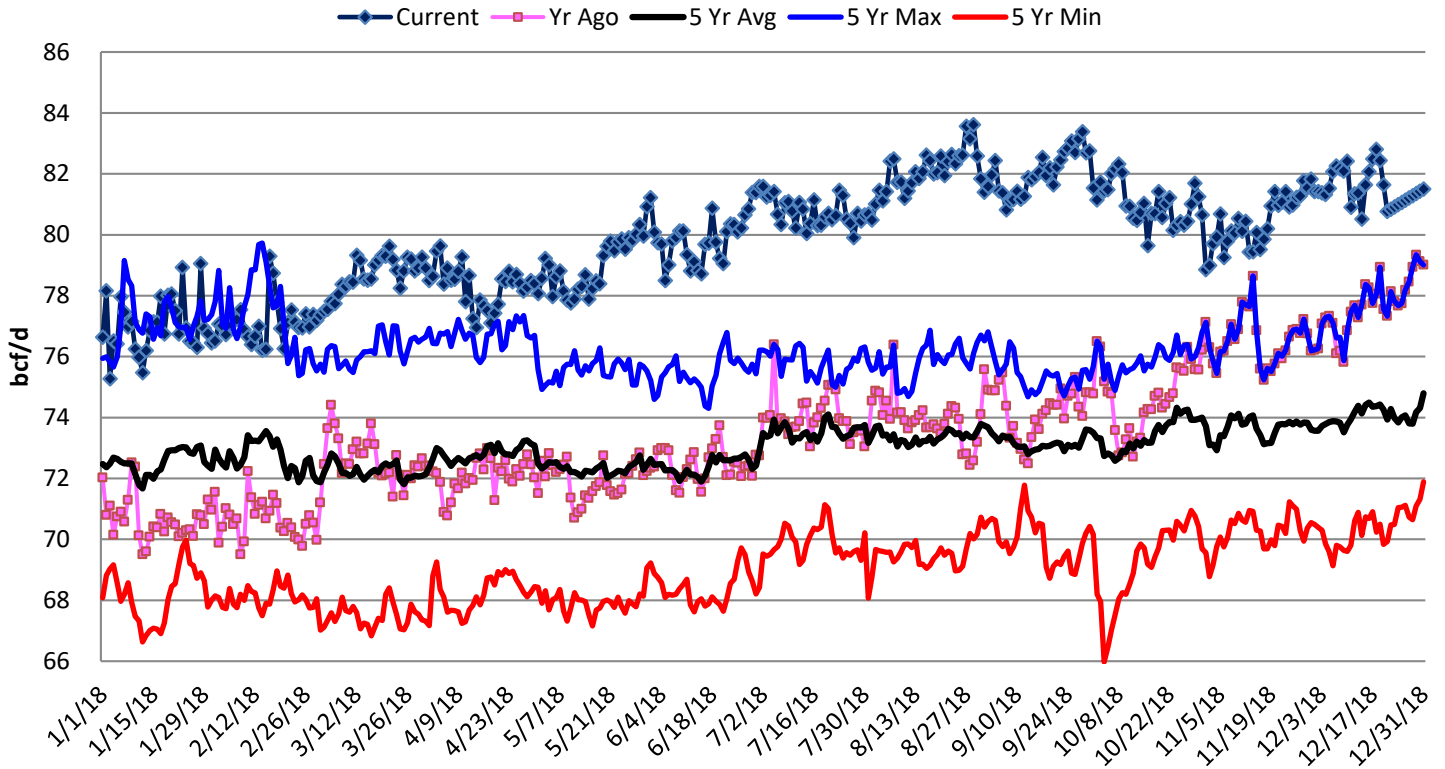
## US Total Working Gas Storage - Source - EIA



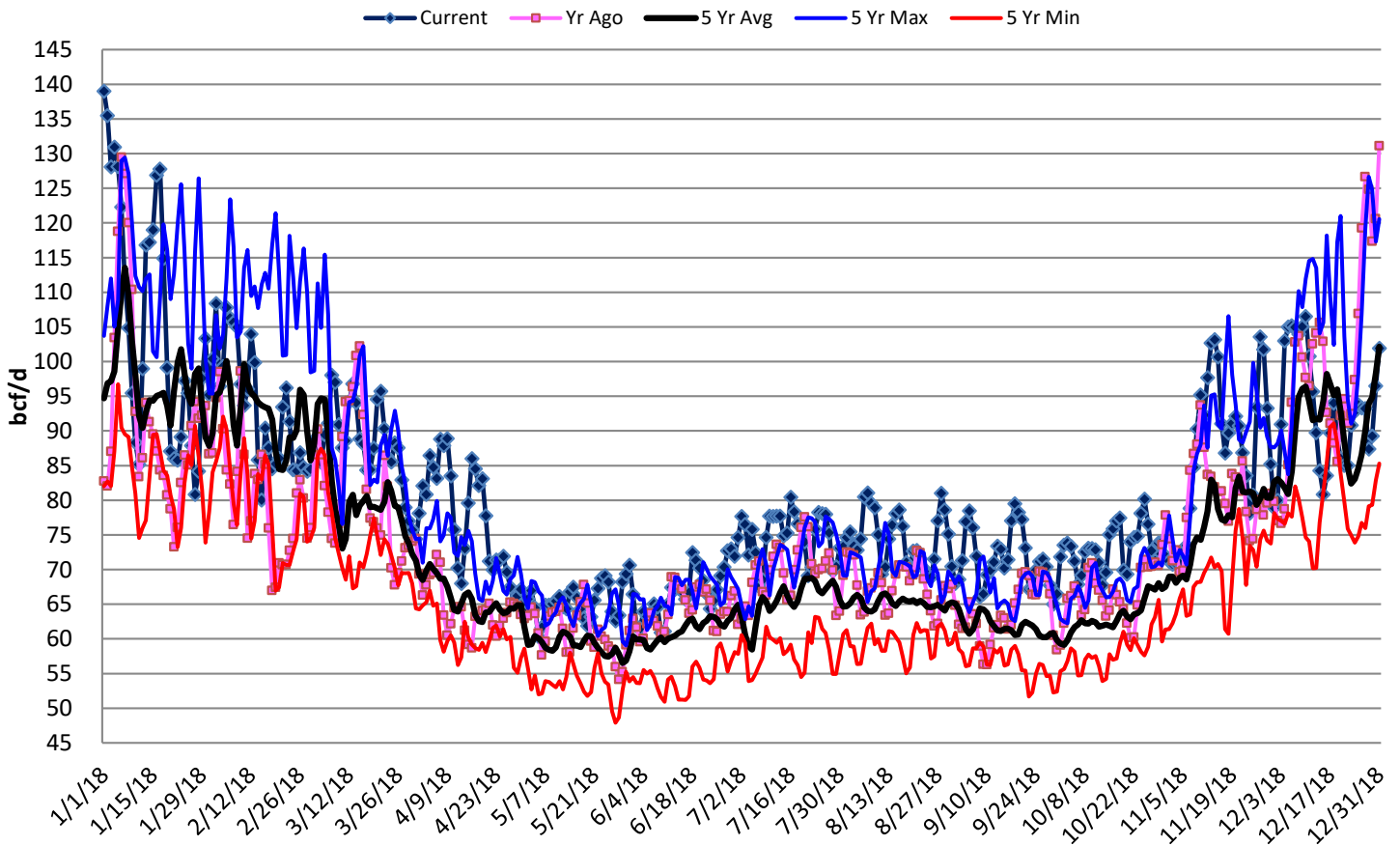
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



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**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

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