

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

***Week Ending April 5, 2019***

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

**Price Action:** The May rose just 0.2 cents (0.1%) to \$2.664 on a 10.1 cent range (\$2.733/\$2.632).

**Price Outlook:** Despite the minimal weekly range, a new low was established as the physical pipeline data is considered rather bearish and the EIA reported a larger than expected storage injection. While the low absolute storage levels may provide some price support, demand will be falling in coming weeks and injections increasing. Thus, our outlook is beginning to turn bearish. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (17,022) contract reduction in the managed money net long position as longs liquidated and shorts added. This is the lowest net long position since February 26. Total open interest fell (37,031) to 3.126 million as of April 02. Aggregated CME futures open interest rose to 1.189 million as of April 05. The current weather forecast is now warmer than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 1.8 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 0.825 bcf. Cameron is exporting 0.000 bcf.

**Weekly Storage:** US working gas storage for the week ending March 29 indicated an injection of +23 bcf. Working gas inventories rose to 1,130 bcf. Current inventories fall (224) bcf (-16.5%) below last year and fall (502) bcf (-30.7%) below the 5-year average.

**Storage Outlook:** The EIA weekly implied flow was 7 bcf from our EIA storage estimate. This week's storage estimate was again outside our tolerance. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

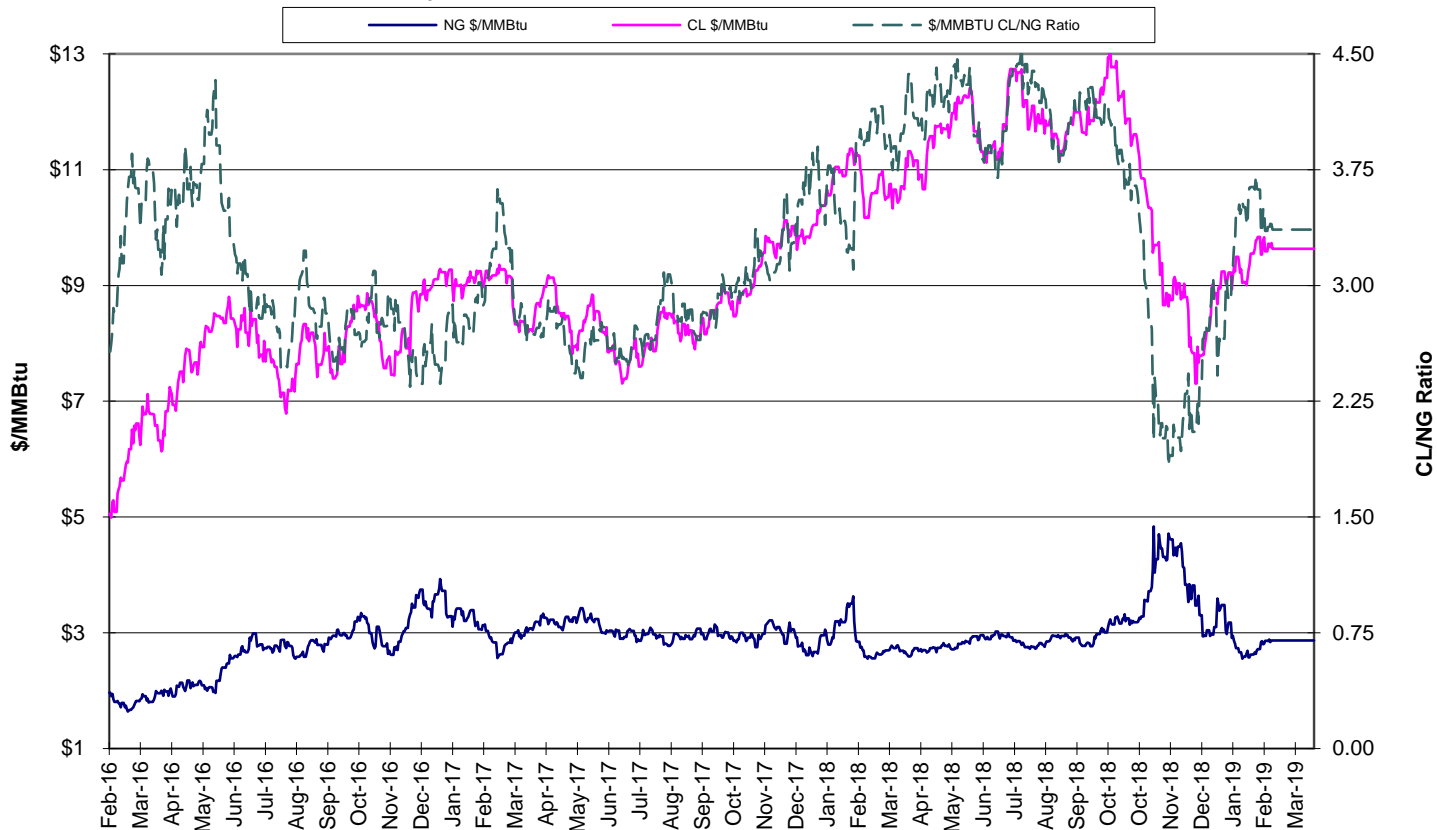
**Supply Trends:** Total supply rose 1.7 bcf/d to 84.9 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count fell (10). Oil activity decreased (8). Natural gas activity decreased (2). The total US rig count now stands at 1,006. The Canadian rig count fell (17) to 88. Thus, the total North American rig count fell (27) to 1,094 and now trails last year by (33). The higher efficiency US horizontal rig count fell (9) to 891 and rises +21 above last year.

**Demand Trends:** Total demand fell (4.0) bcf/d to +82.6 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (1,825) gigawatt-hrs to 68,088 which trails last year by (2,086) (-3.0%) and trails the 5-year average by (2,010) (-2.9%).

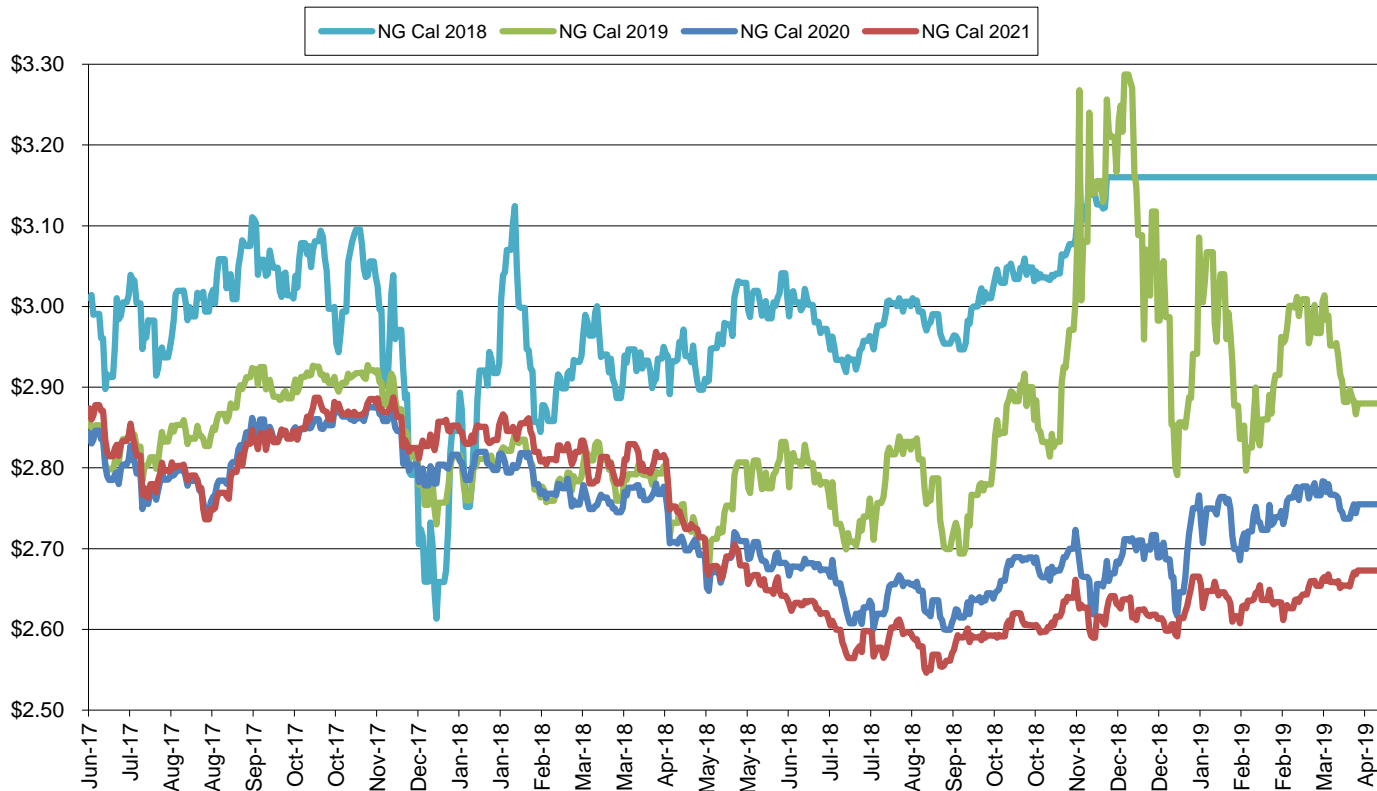
**Nuclear Generation:** Nuclear generation fell (490) MW in the reference week to 82,169 MW. This is (2,110) MW lower than last year and +215 MW higher than the 5-year average. Recent output was at 79,959 MW.

- The heating season is basically over. With a forecast through April 19 the 2018/19 total cooling index is at (2,929) compared to (2,885) for 2017/18, (2,270) for 2016/17, (2,419) for 2015/16, (2,478) for 2014/15, (3,201) for 2013/14, (2,967) for 2012/13 and (2,543) for 2011/12.

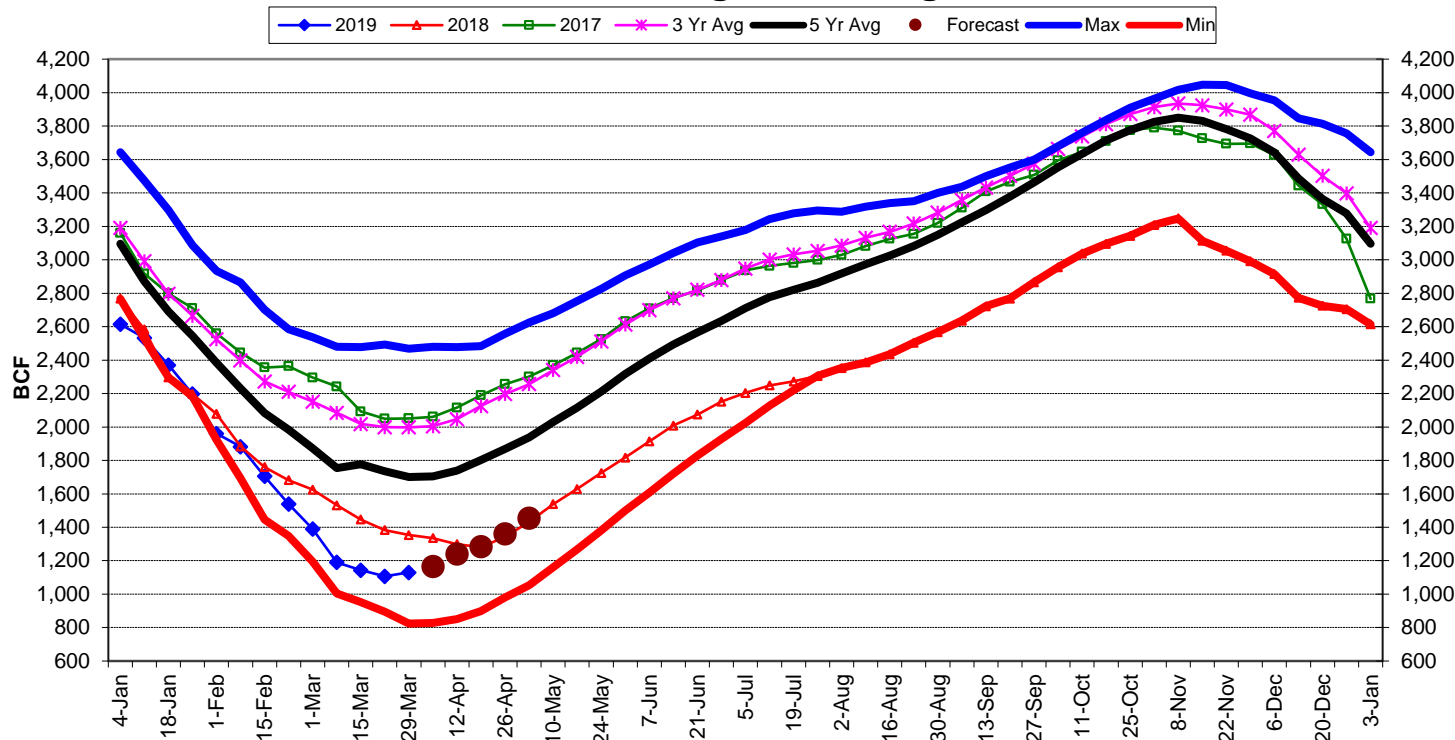
## \$/MMBtu Ratio of NYMEX CL and NG



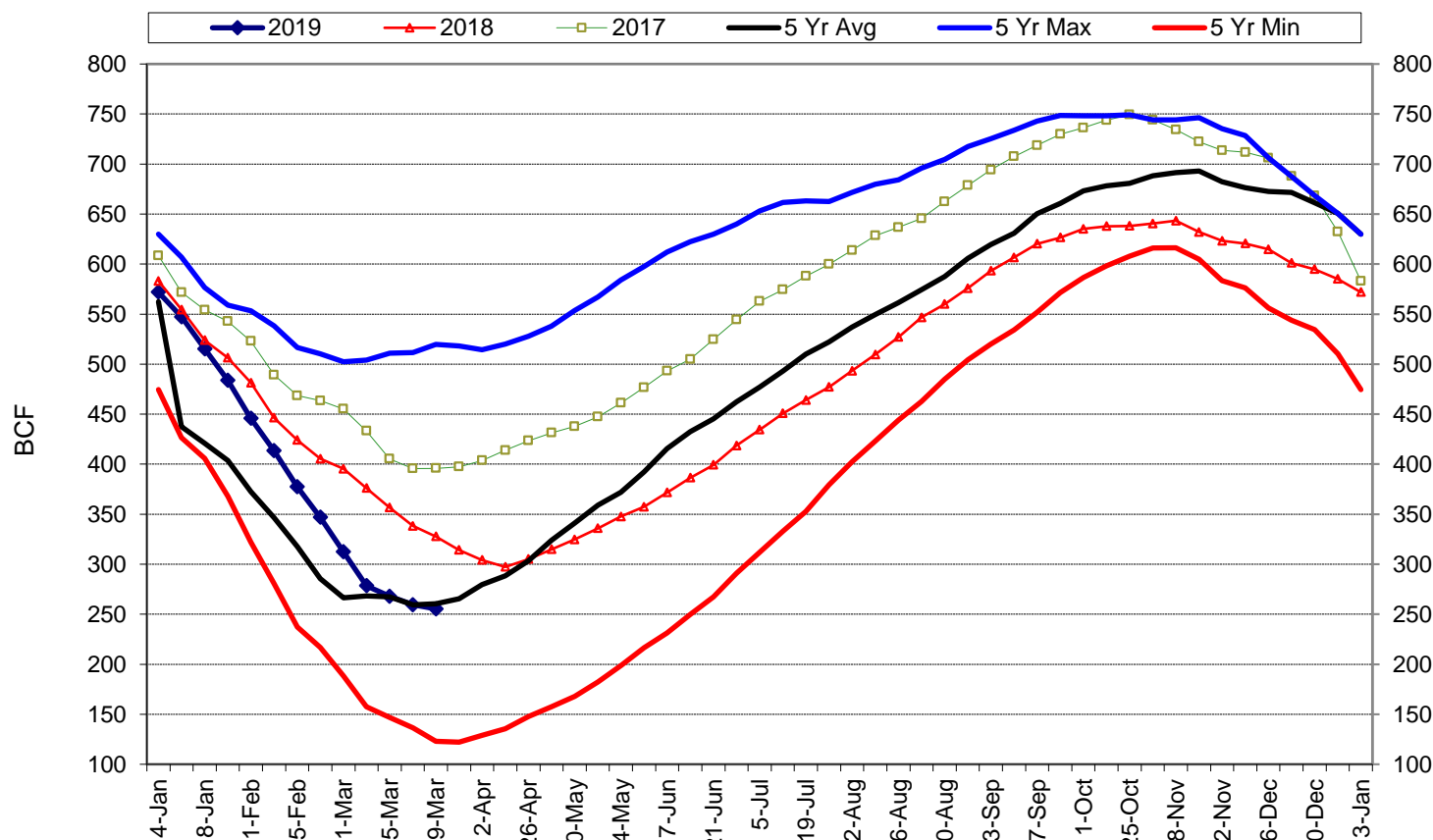
## NYMEX Calendar Strips



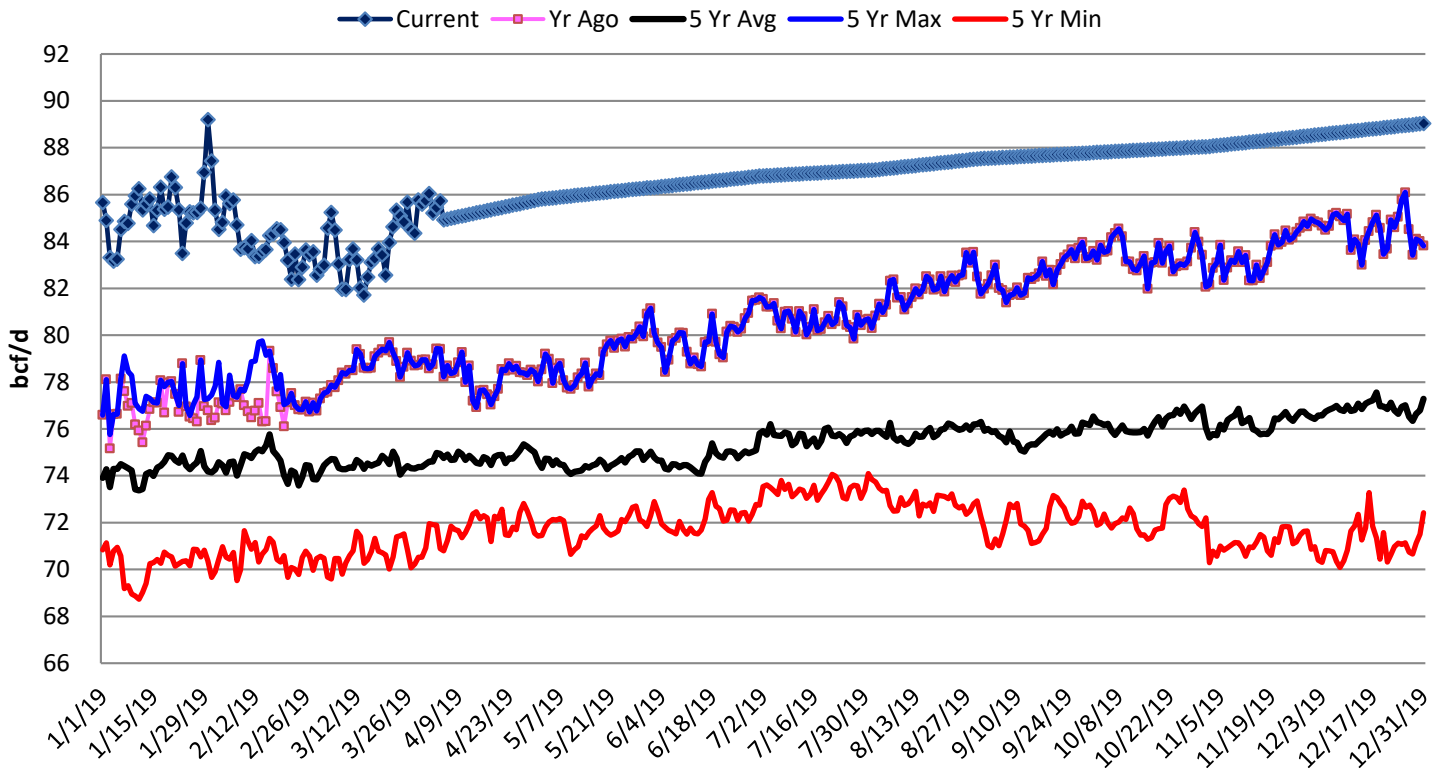
## US Total Working Gas Storage - Source - EIA



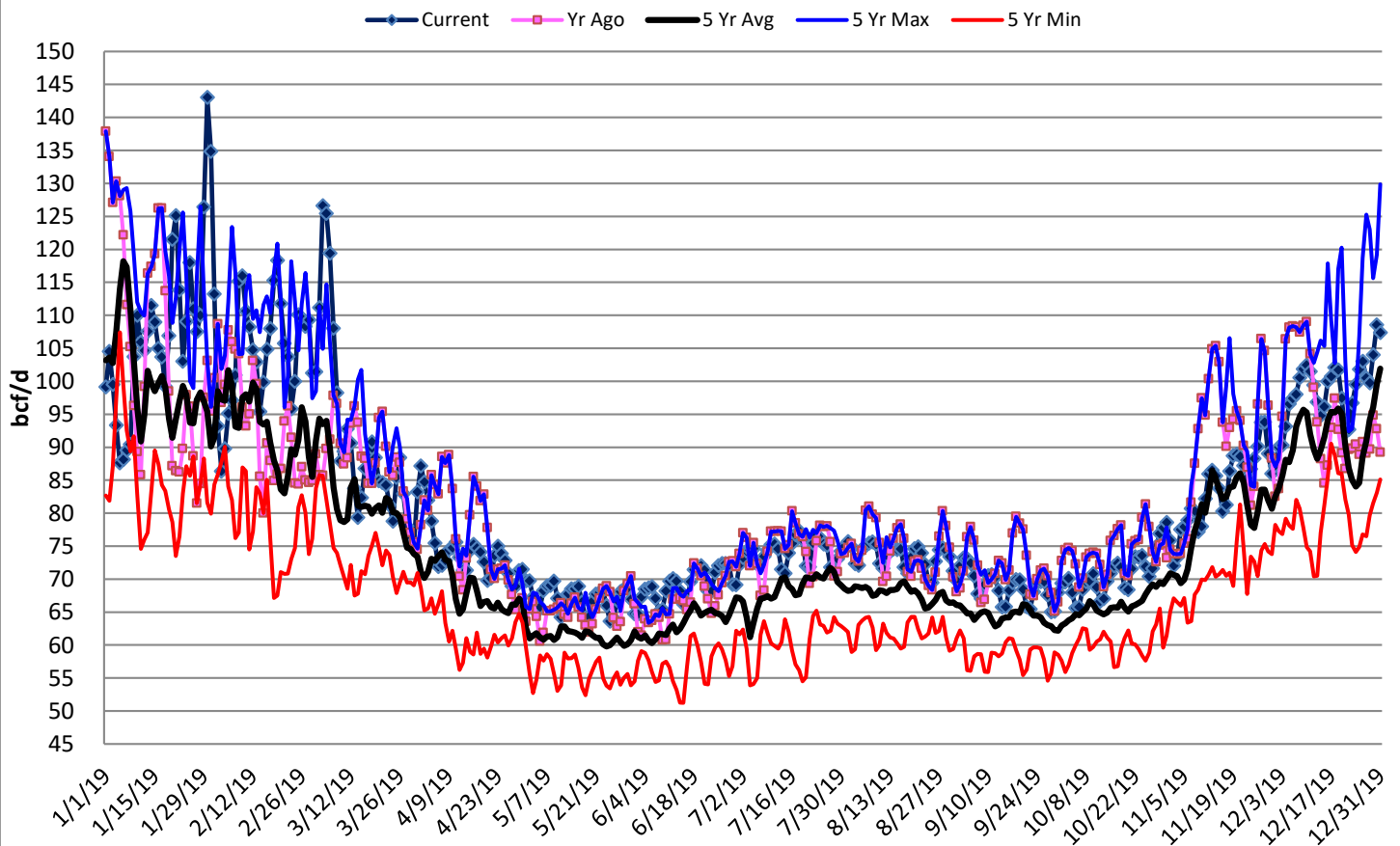
## Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



---

**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

---

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any commodity, futures contract, equity, bond or option contract on any other financial asset. IAF Advisors does not provide investment, financial, tax, or other advice, nor does it operate as a broker-dealer. IAF Advisors does not recommend the purchase or sale of any particular security or securities. Although any statements of fact in this report have been obtained from and are based upon sources that IAF Advisors believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. IAF Advisors, its officers and/or employees, may at any time have a long and/or short position in any commodity, futures contract, equity, bond or option contract on any other financial asset mentioned in this report. All opinions and estimates included in this report constitute IAF Advisors judgment as of the date of this report and are subject to change without notice. There is always a risk of loss in futures trading.

---

© 2019 IAF Advisors