

Join Kyle Cooper at 3:00 pm EST every Wednesday for his "Cooper on Oil & Gas" Live Chat on www.enelyst.com

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Week Ending May 17, 2019

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

Price Action: The June contract rose 1.2 cents (0.5%) to \$2.631 on an 8.4 cent range (\$2.670/\$2.586).

Price Outlook: Prices posted a new weekly high for the 3rd week in a row. This is hardly extended compared to the record 14 consecutive higher weeks posted in 2008. Although prices have risen roughly 20 cents from the \$2.439 April 25th low, absolute prices are not elevated and the market is not considered "due" for a correction. Weather forecasts will now extend into early June and begin to offer a glimpse of impending A/C demand. The impending cooling demand will likely become the primary price driver with above average temperatures providing support and below normal temperatures pressuring prices lower. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (5,819) contract reduction in the managed money net long position as longs liquidated and shorts covered. This is the lowest net long position since August 16, 2016. This is the lowest long position since ICE data was added in early January 2010. Total open interest rose 55,676 to 3.359 million as of May 14. Aggregated CME futures open interest rose to 1.314 million as of May 17. The current weather forecast is now cooler 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 0.7 bcf. Corpus Christi is exporting 0.793 bcf. Cameron is exporting 0.350 bcf. Freeport is exporting 0.071 bcf. Elba Island is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending May 10 indicated an injection of +106 bcf. Working gas inventories rose to 1,653 bcf. Current inventories rise 115 bcf (7.5%) above last year and fall (291) bcf (-15.0%) below the 5-year average.

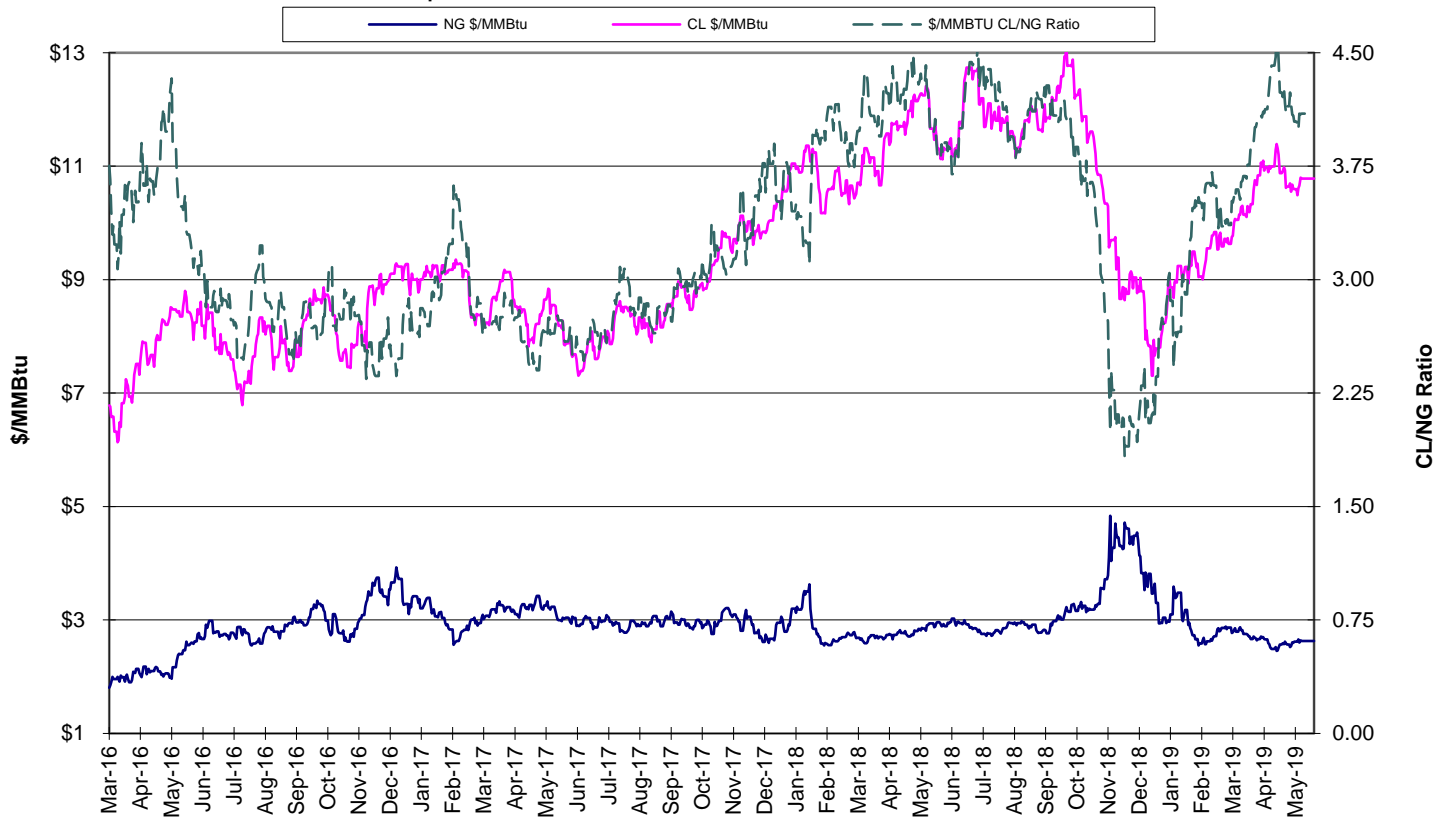
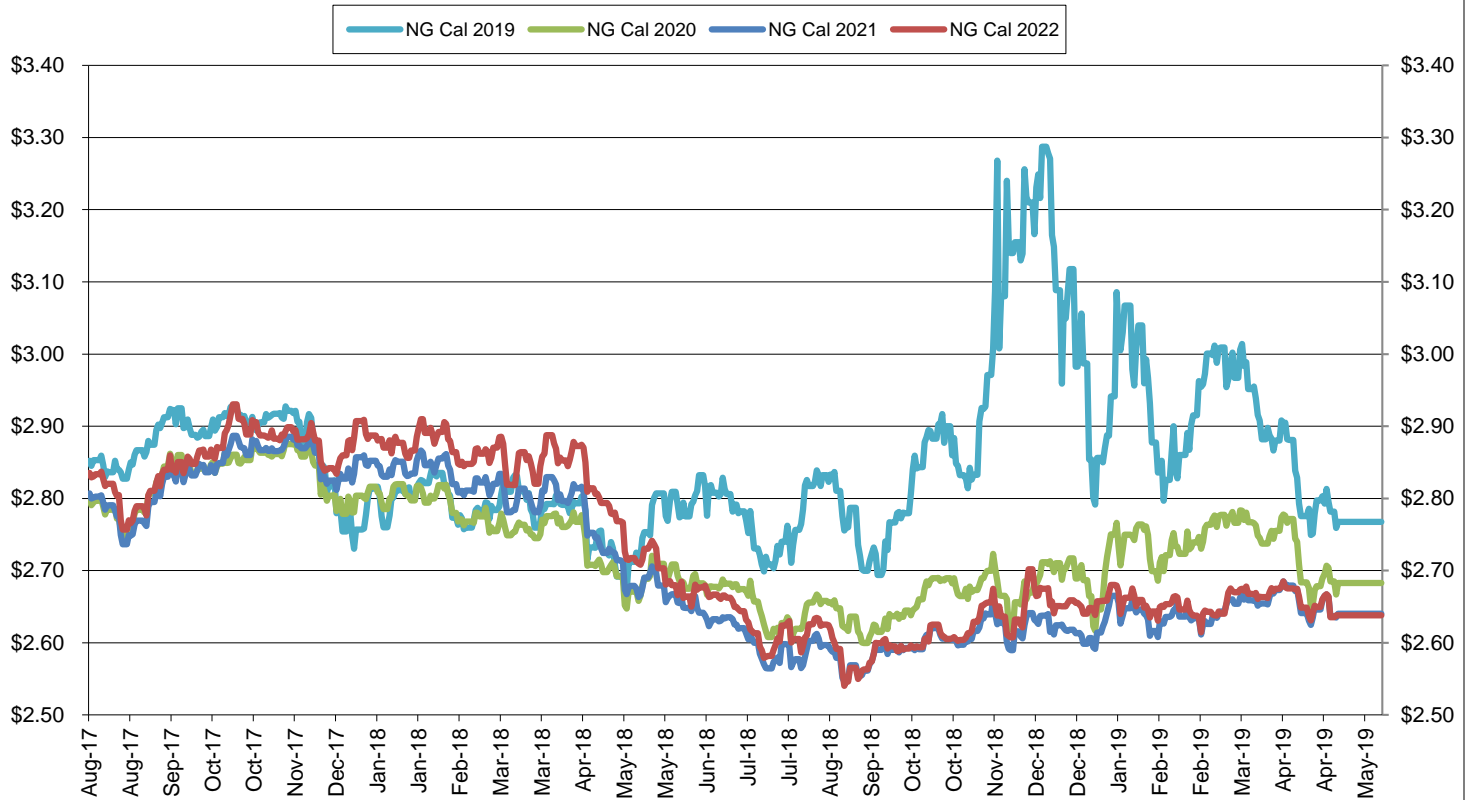
Storage Outlook: The EIA weekly implied flow was 4 bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, then EIA has reported total injections of +498 bcf compared to our +492 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

Supply Trends: Total supply fell (0.5) bcf/d to 84.6 bcf/d. US production fell. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (1). Oil activity decreased (3). Natural gas activity increased +2. The total US rig count now stands at 987. The Canadian rig count was unchanged at +0 to 63. Thus, the total North American rig count fell (1) to 1,050 and now trails last year by (79). The higher efficiency US horizontal rig count fell (6) to 866 and falls (53) below last year.

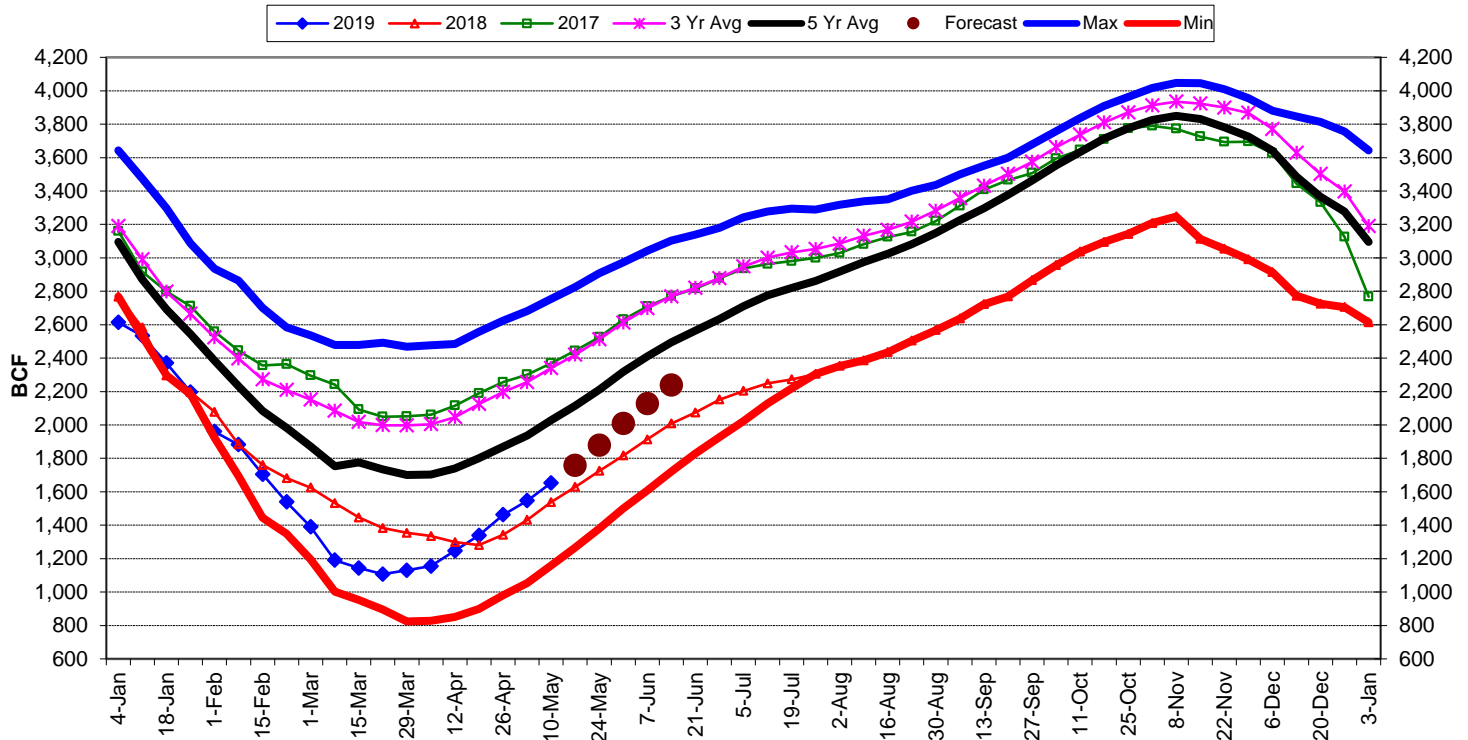
Demand Trends: Total demand fell (3.6) bcf/d to +70.0 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (639) gigawatt-hrs to 69,699 which trails last year by (3,480) (-4.8%) and trails the 5-year average by (1,022) (-1.4%).

Nuclear Generation: Nuclear generation rose 2,625 MW in the reference week to 86,420 MW. This is (1,345) MW lower than last year and +3,081 MW higher than the 5-year average. Recent output was at 87,013 MW.

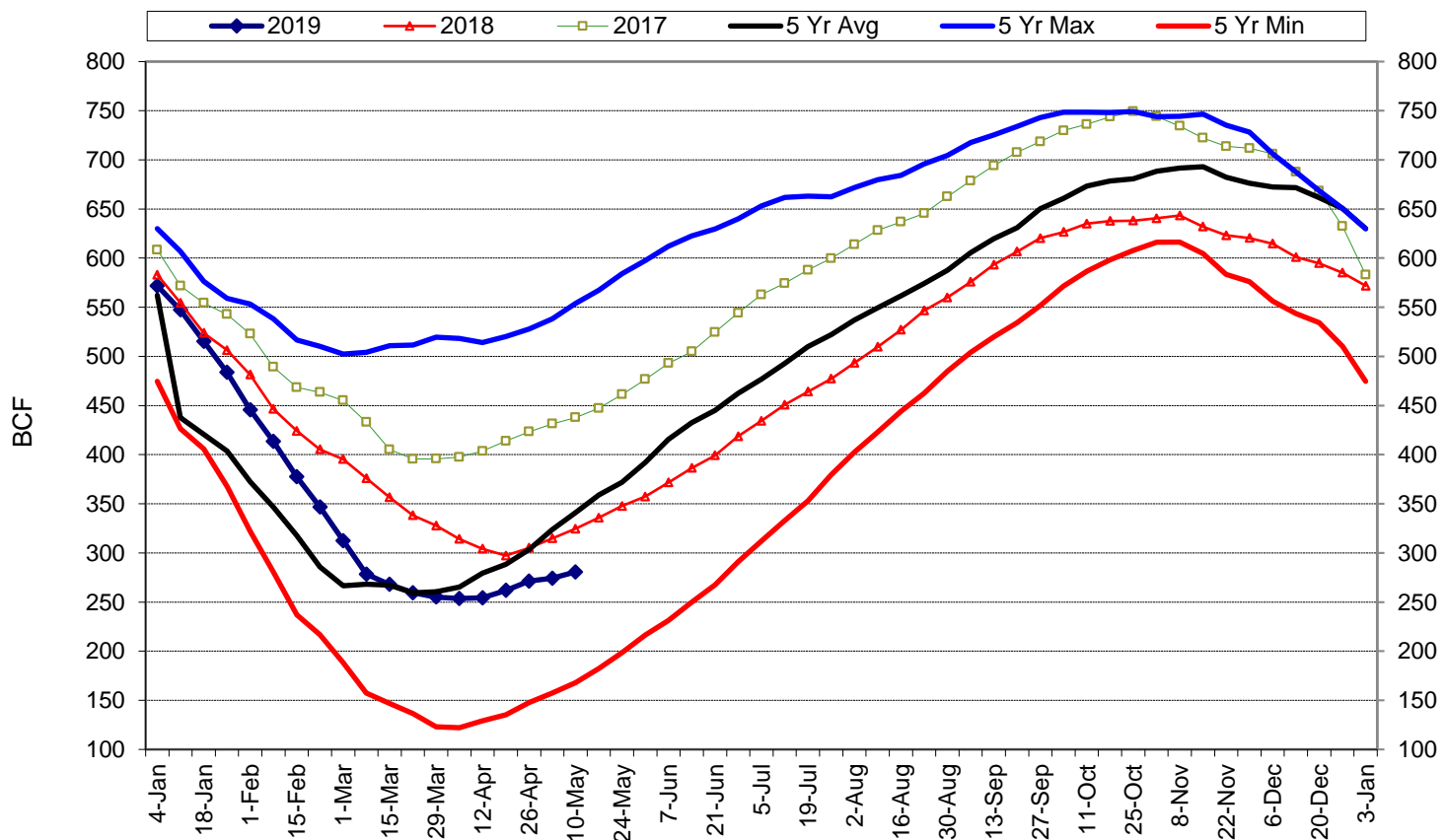
- The cooling season is beginning. With a forecast through May 31, the 2019 total cooling index is at 59 compared to 273 for 2018, 184 for 2017, 76 for 2016, 60 for 2015, 208 for 2014, 130 for 2013, 268 for 2012 and 13,806 for 2011.

\$/MMBtu Ratio of NYMEX CL and NG**NYMEX Calendar Strips**

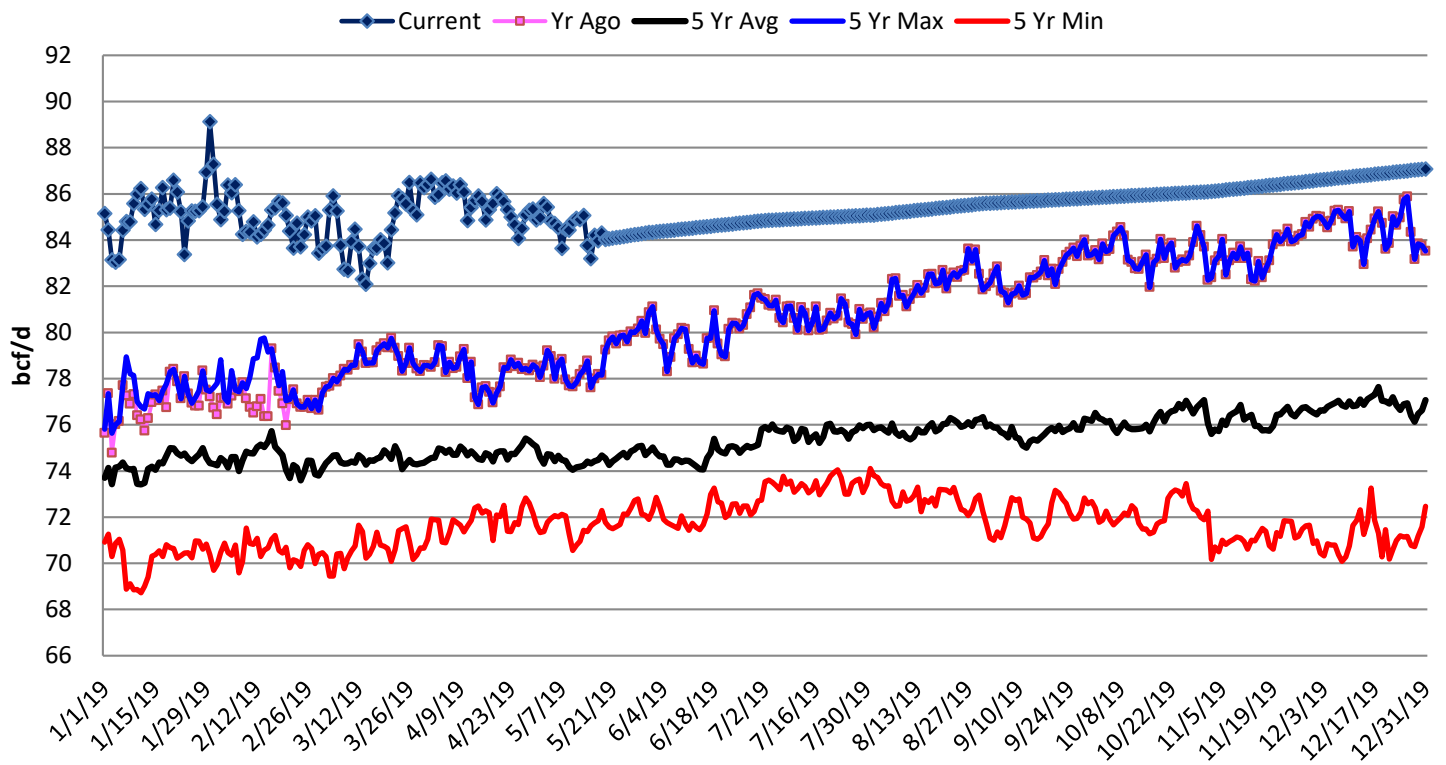
US Total Working Gas Storage - Source - EIA



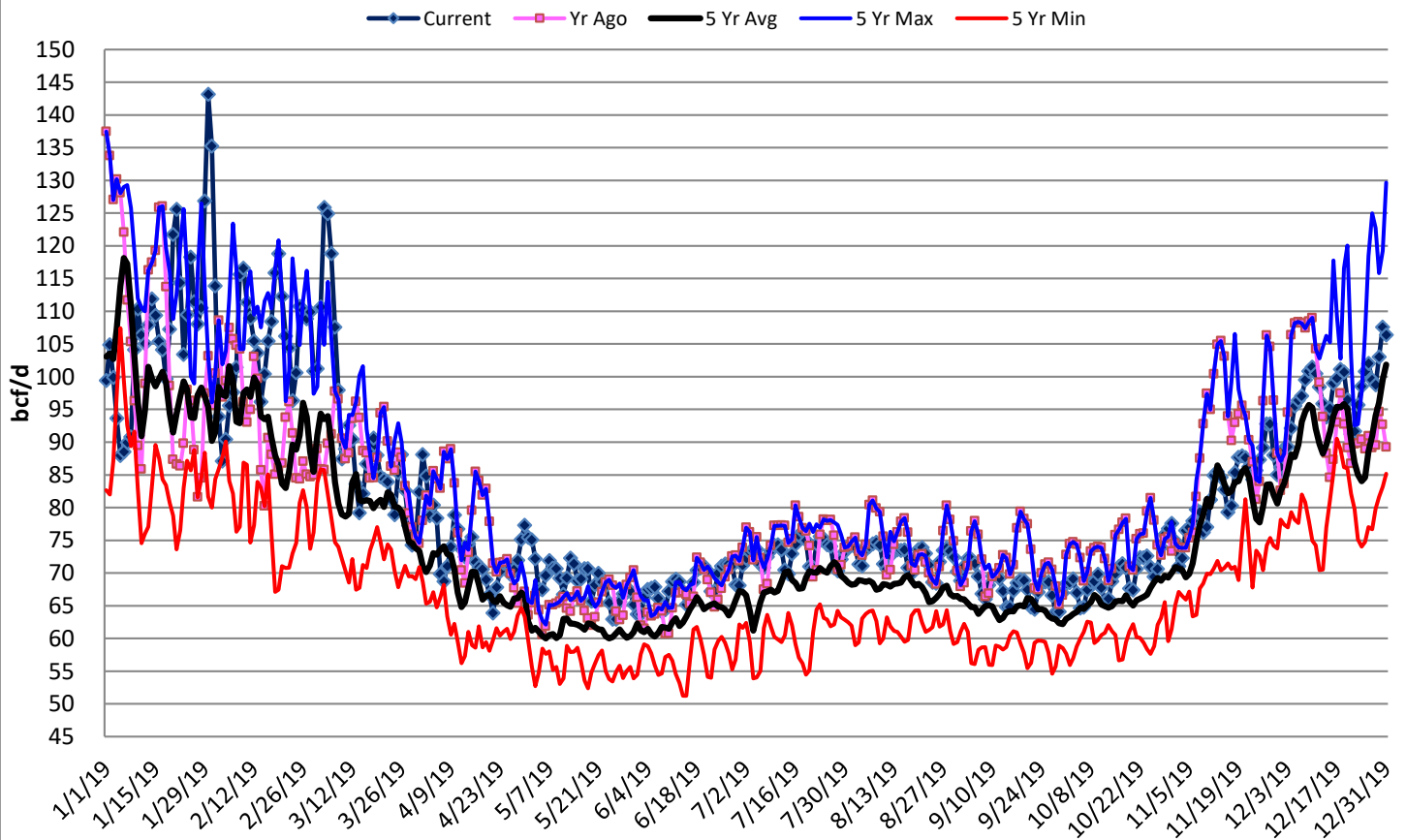
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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