

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 June 7, 2019

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

Price Action: The now prompt July contract fell 15.7 cents (6.0%) to \$2.454 on a 20.2 cent range (\$2.646/\$2.444).

Price Outlook: Prices continued to slide as the EIA reported another storage injection well above expectations while weather forecasts were also considered bearish. The market has now posted a new weekly low for 3 consecutive weeks after the recent 4 consecutive weeks that witnessed a new weekly high. However, this streak falls far shy of the record 9 consecutive weeks lower posted in 2008. Thus, while prices have fallen below long-term technical support near \$2.50, the market is not considered extended to the downside or "due" for a correction. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a (46,080) contract reduction in the managed money position that has now become a net short position as longs liquidated and shorts added. **This is the largest net short position since March 22, 2016.** This is the lowest long position since ICE data was added in early January 2010. Total open interest rose 72,347 to 3.420 million as of June 04. **Aggregated CME futures open interest rose to 1.330 million as of June 07, the highest since February 7.** The current weather forecast is now cooler than 6 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.8 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 0.820 bcf. Cameron is exporting 0.000 bcf. Freeport is exporting 0.000 bcf. Elba Island is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending May 31 indicated an injection of +119 bcf. Working gas inventories rose to 1,986 bcf. Current inventories rise 169 bcf (9.3%) above last year and fall (245) bcf (-11.0%) below the 5-year average.

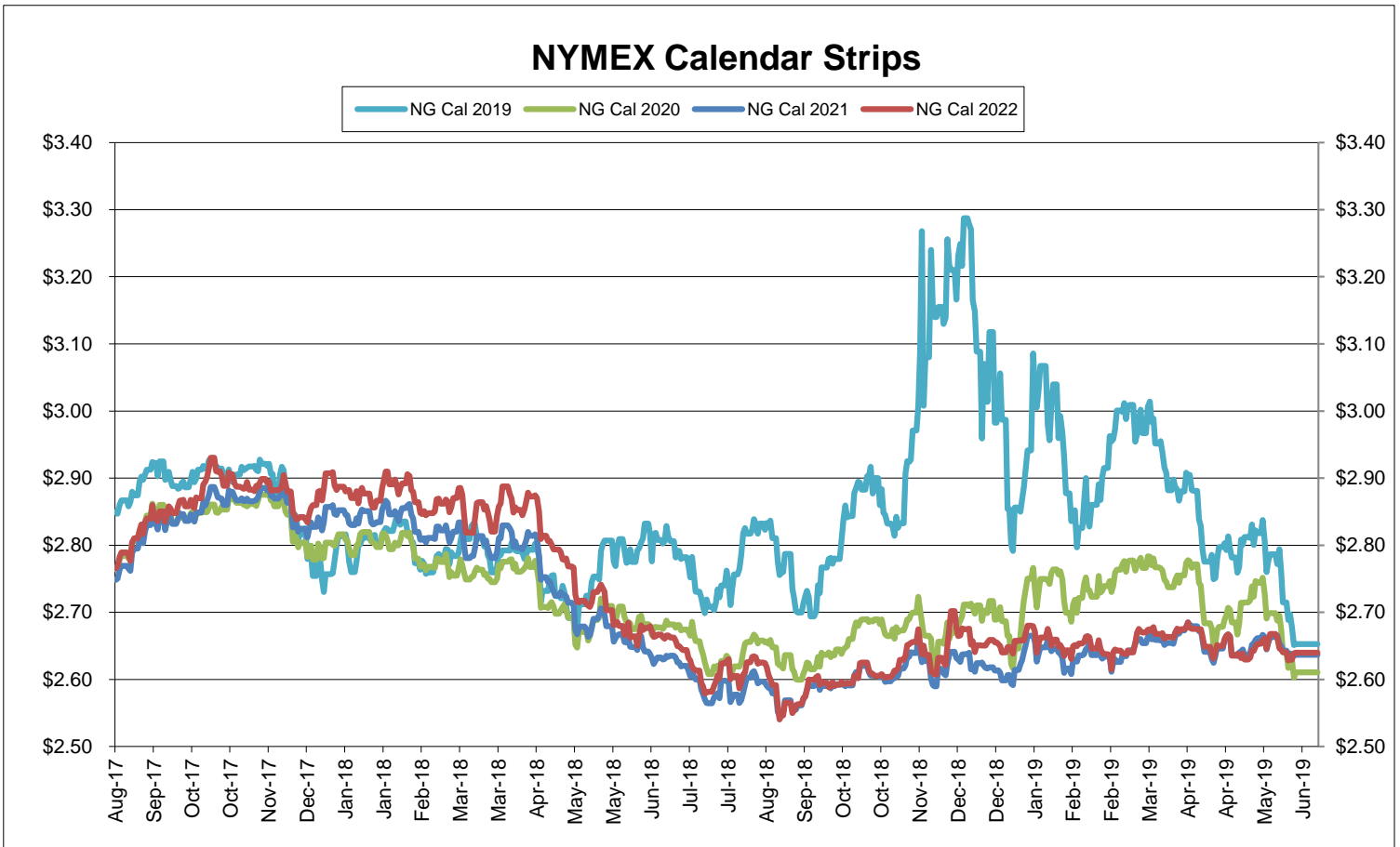
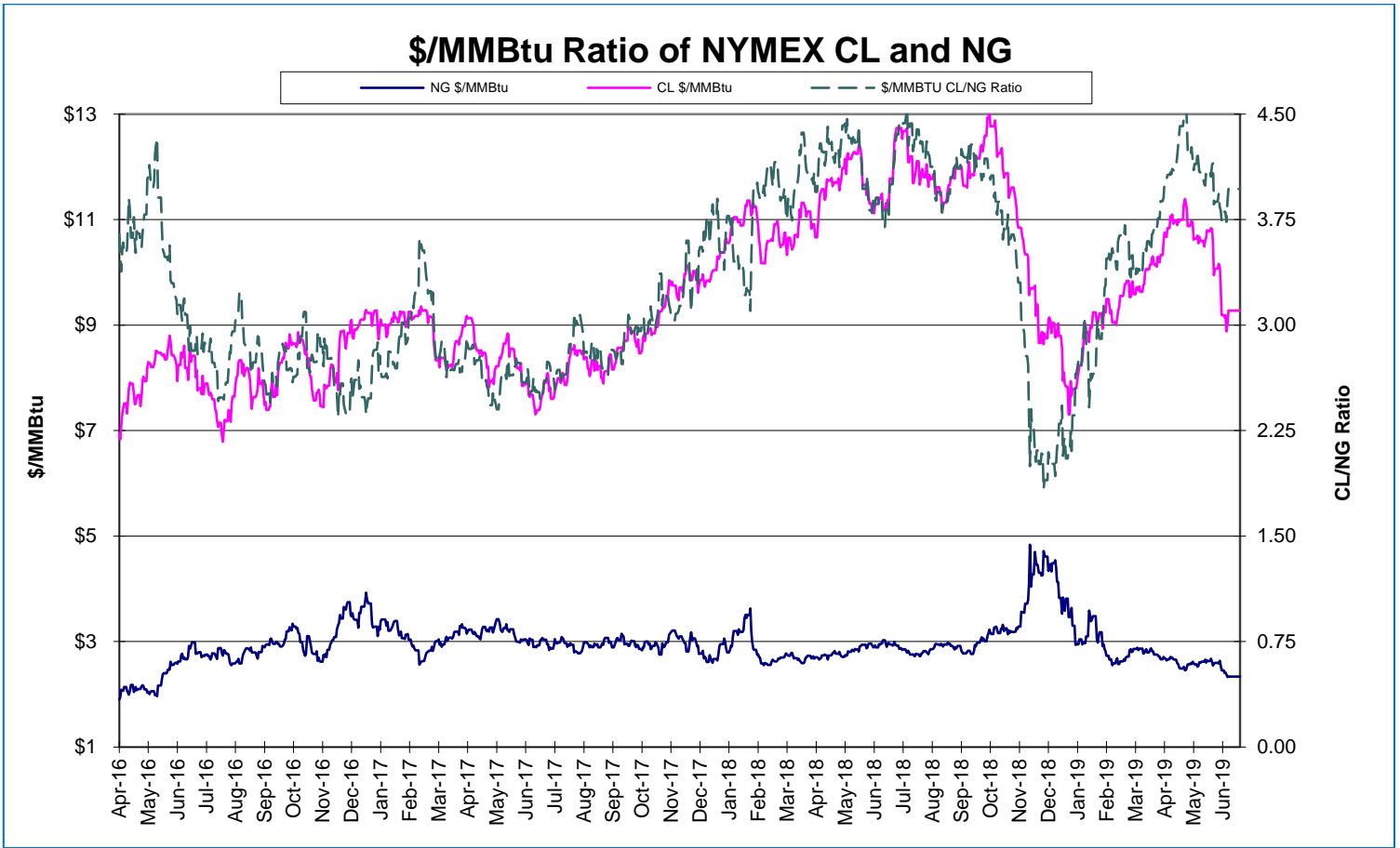
Storage Outlook: The EIA weekly implied flow was 11 bcf from our EIA storage estimate. This week's storage estimate remained soared outside our error tolerance. Over the last five weeks, the EIA has reported total injections of +528 bcf compared to our +510 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply rose 1.2 bcf/d to 85.2 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (9). Oil activity decreased (11). Natural gas activity increased +2. The total US rig count now stands at 975. The Canadian rig count rose +18 to 103. Thus, the total North American rig count rose +9 to 1,078 and now trails last year by (96). **The higher efficiency US horizontal rig count fell (7) to 855 and falls (79) below last year.**

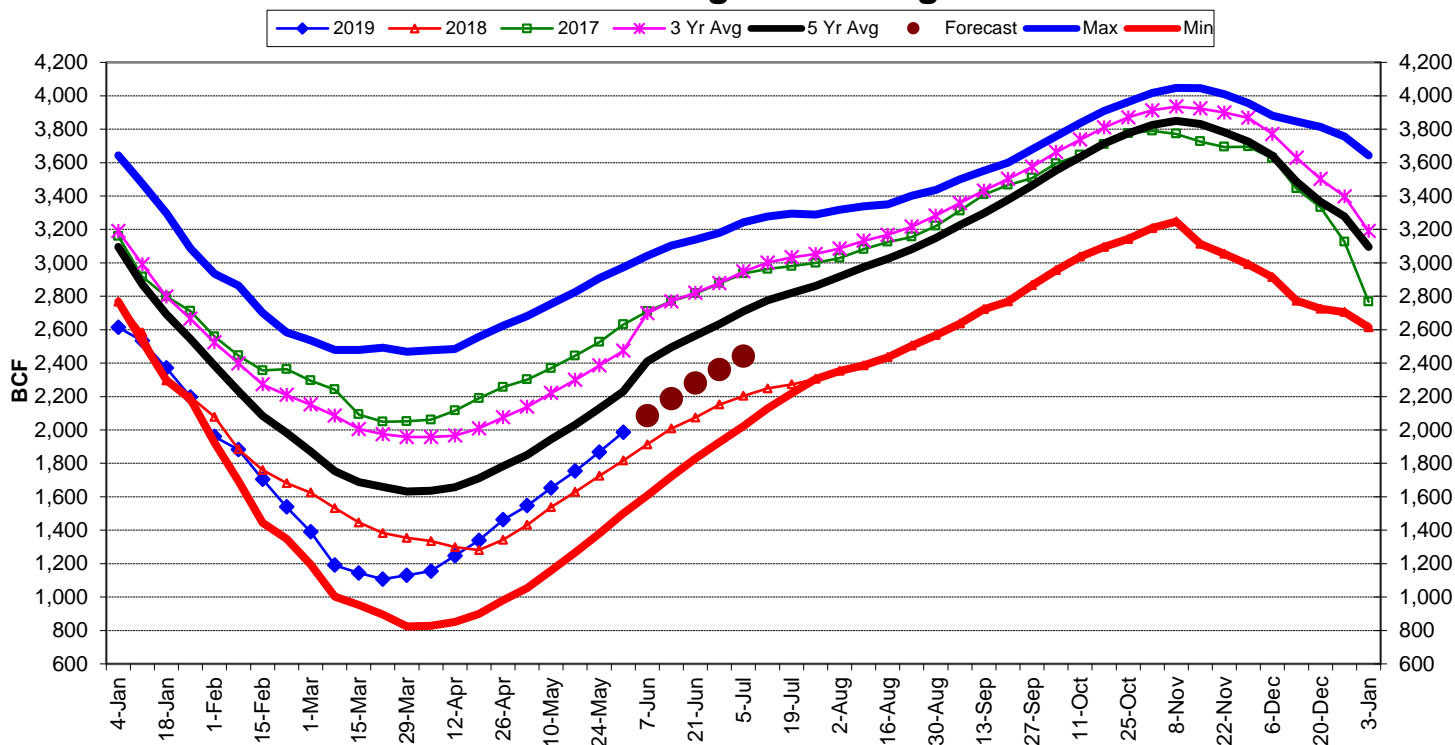
Demand Trends: Total demand rose +0.9 bcf/d to +69.9 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand fell. Electricity demand rose +2,063 gigawatt-hrs to 77,831 which trails last year by (5,752) (-6.9%) and exceeds the 5-year average by 557 (0.7%).

Nuclear Generation: Nuclear generation rose 2,406 MW in the reference week to 90,191 MW. This is (3,460) MW lower than last year and +438 MW higher than the 5-year average. **Recent output was at 90,078 MW.**

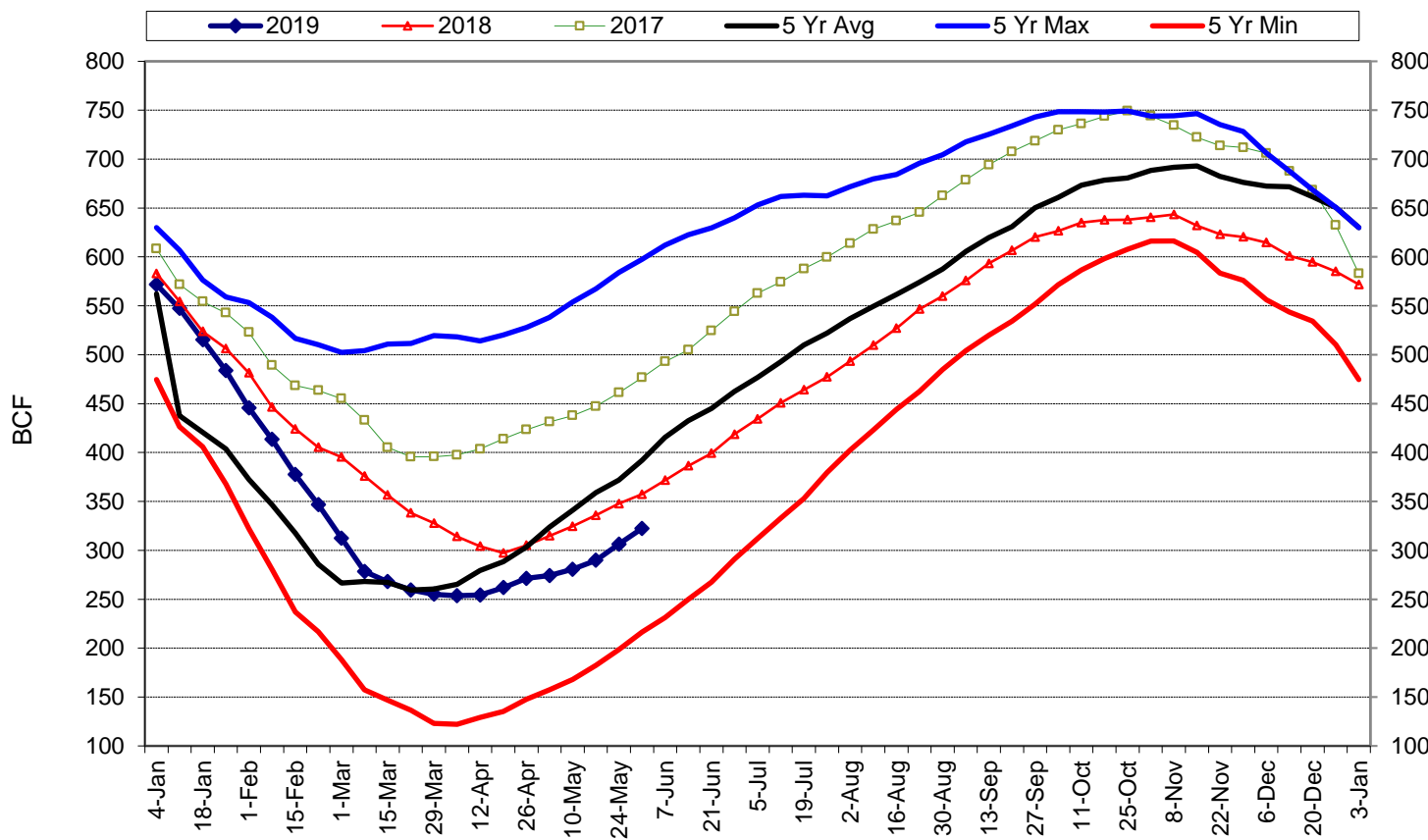
- The cooling season is beginning. With a forecast through June 21, the 2019 total cooling index is at 424 compared to 1,007 for 2018, 863 for 2017, 850 for 2016, 589 for 2015, 601 for 2014, 648 for 2013, 968 for 2012 and 1,000 for 2011.



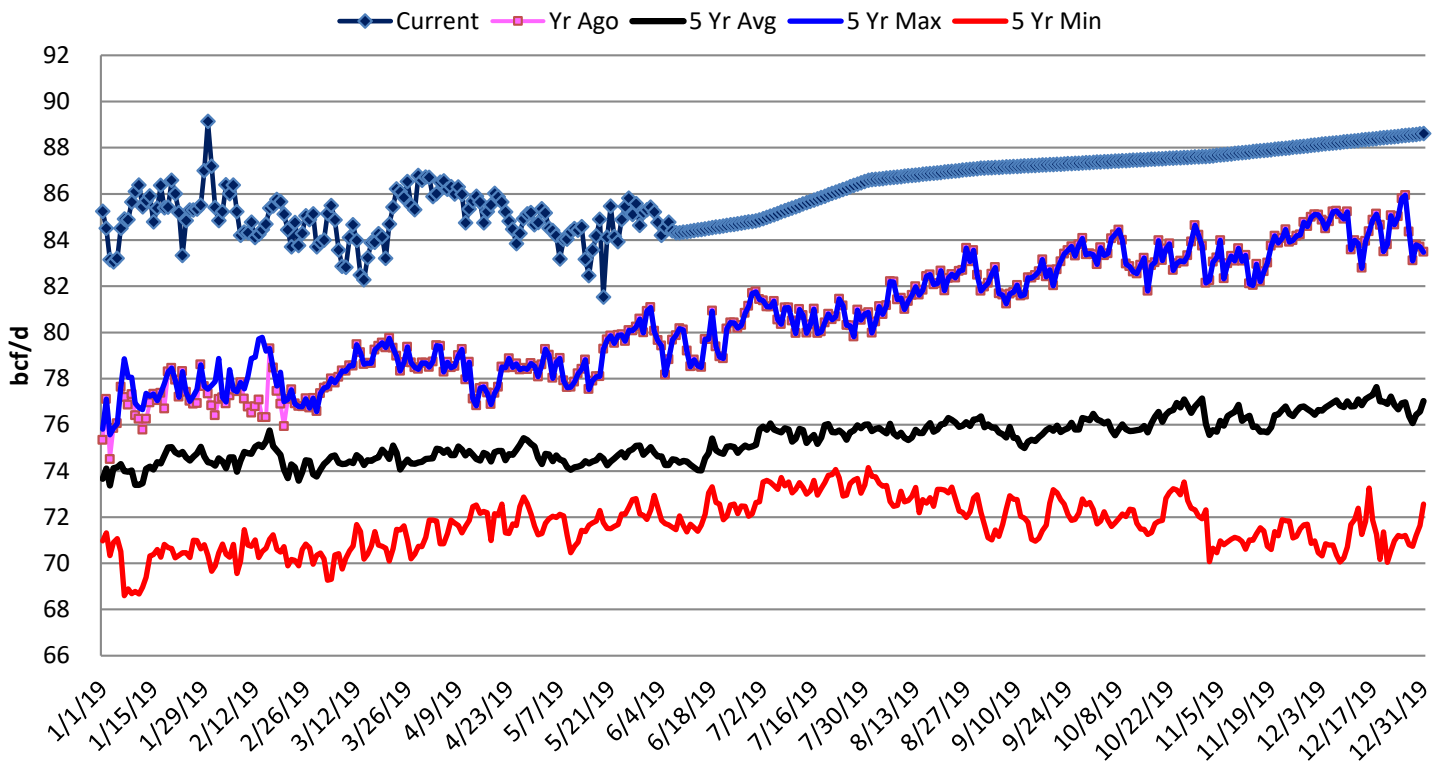
US Total Working Gas Storage - Source - EIA



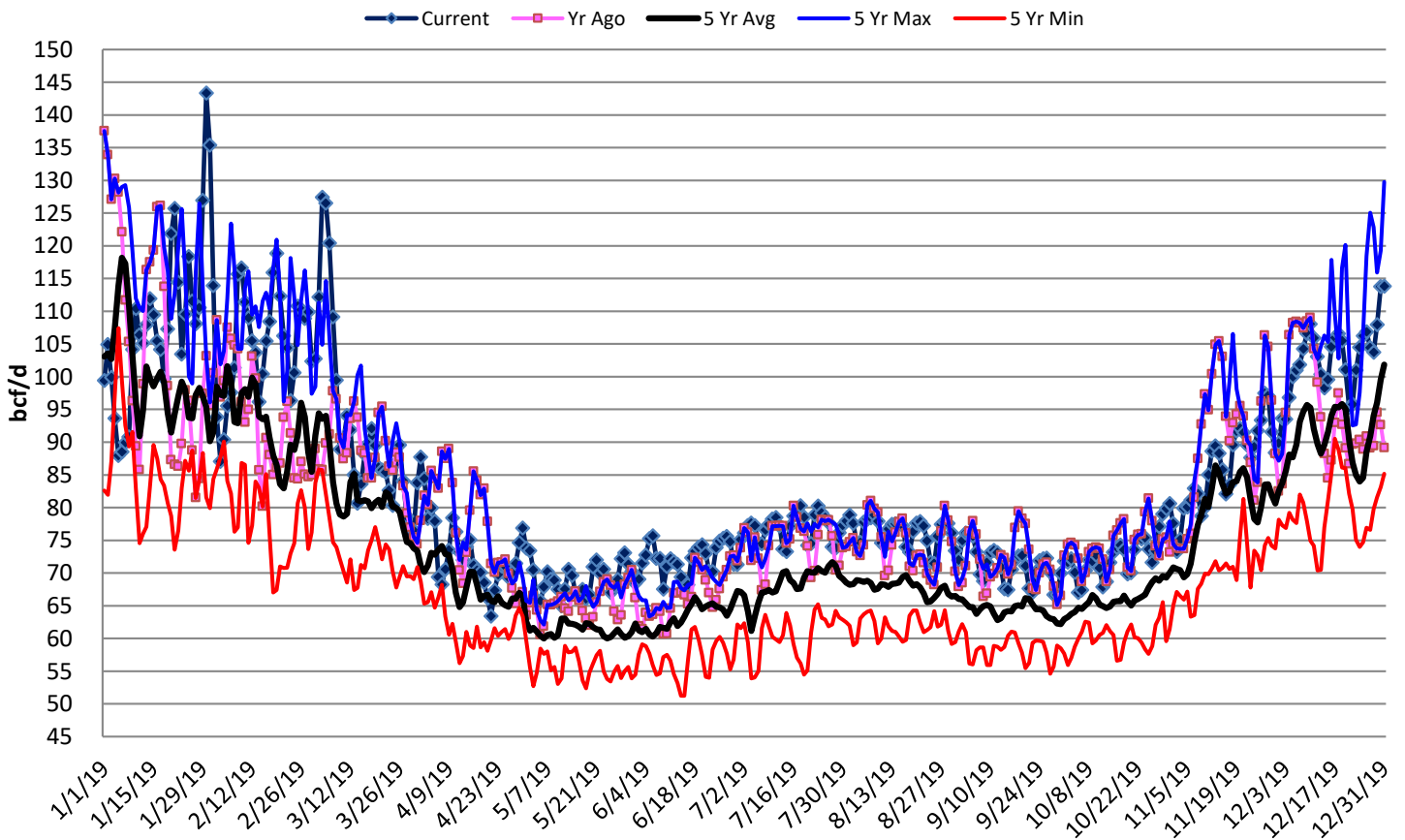
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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