

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

Kyle Cooper, (713) 248-3009, Kyle.Cooper@iafadvisors.com

Week Ending June 14, 2019

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

Price Action: The now prompt July contract rose 5.1 cents (2.2%) to \$2.388 on an 8.6 cent range (\$2.406/\$2.320).

Price Outlook: The string of lower prices came to an end as the market consolidated and posted a rare inside week with the market neither establishing a new high nor low. Of the 1,105 weeks since 2000, only 98 have been inside weeks. Despite this week's miniscule price range, the market will likely become increasingly subject to more price fluctuations as weather deviations result in more noticeable demand impacts. Thus, price volatility is expected to increase in coming weeks. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.**

CFTC data indicated a (44,176) contract increase in the net short managed money position as longs liquidated and shorts added. **This is the largest net short position since March 8, 2016.** This is the lowest long position since ICE data was added in early January 2010. Total open interest rose 78,790 to 3.499 million as of June 11. **Aggregated CME futures open interest rose to 1.333 million as of June 14, 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 June 7 indicated an injection of +102 bcf. Working gas inventories rose to 2,088 bcf. Current inventories rise 175 bcf (9.1%) above last year and fall (235) bcf (-10.1%) below the 5-year average.

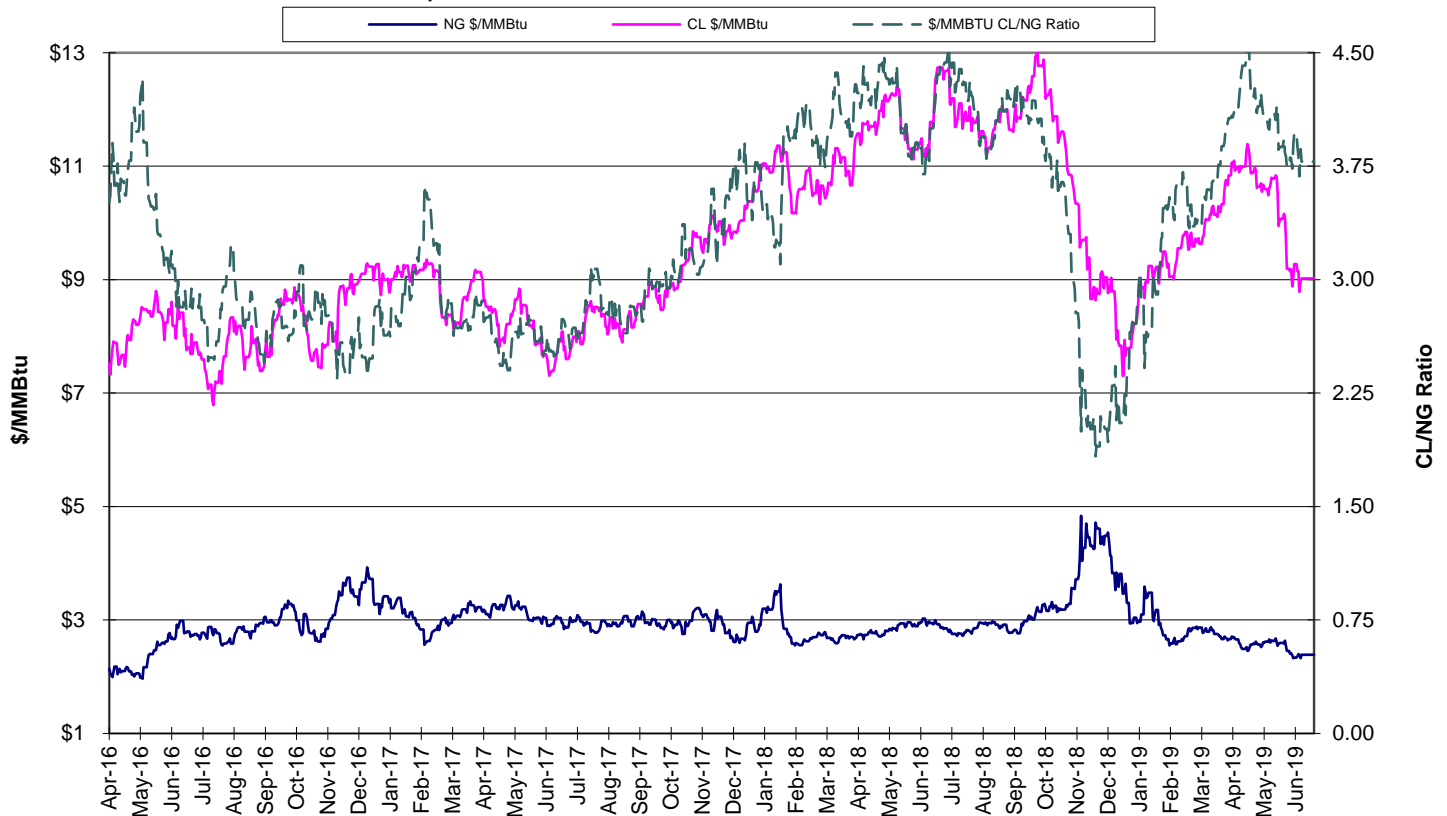
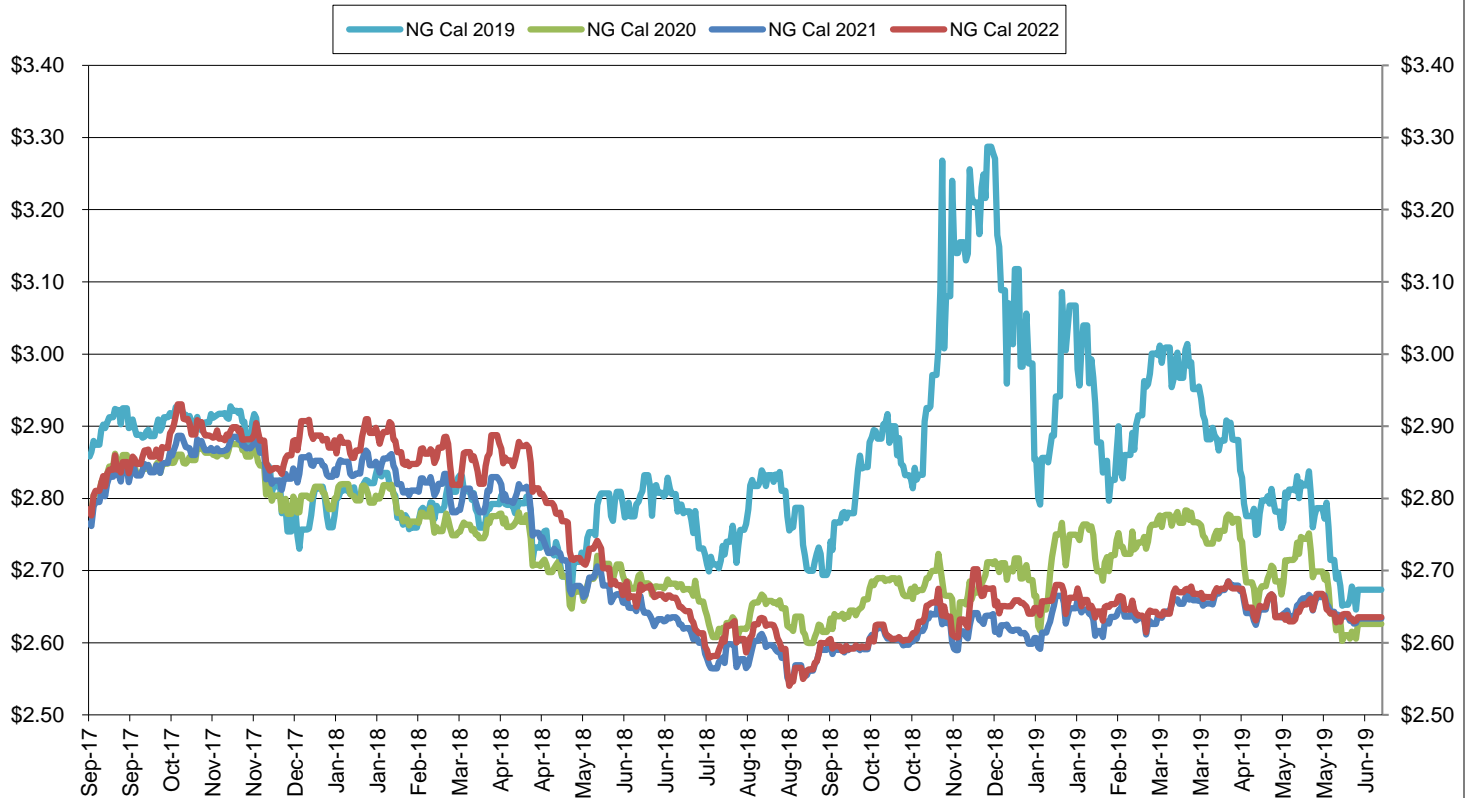
Storage Outlook: The EIA weekly implied flow was (1) bcf from our EIA storage estimate. This week's storage estimate remained soared outside our error tolerance. Over the last five weeks, the EIA has reported total injections of +541 bcf compared to our +513 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply fell (0.3) bcf/d to 85.1 bcf/d. US production fell. Canadian imports rose. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (6). Oil activity decreased (1). Natural gas activity decreased (5). The total US rig count now stands at 969. The Canadian rig count rose +4 to 107. Thus, the total North American rig count fell (2) to 1,076 and now trails last year by (122). **The higher efficiency US horizontal rig count fell (3) to 852 and falls (80) below last year.**

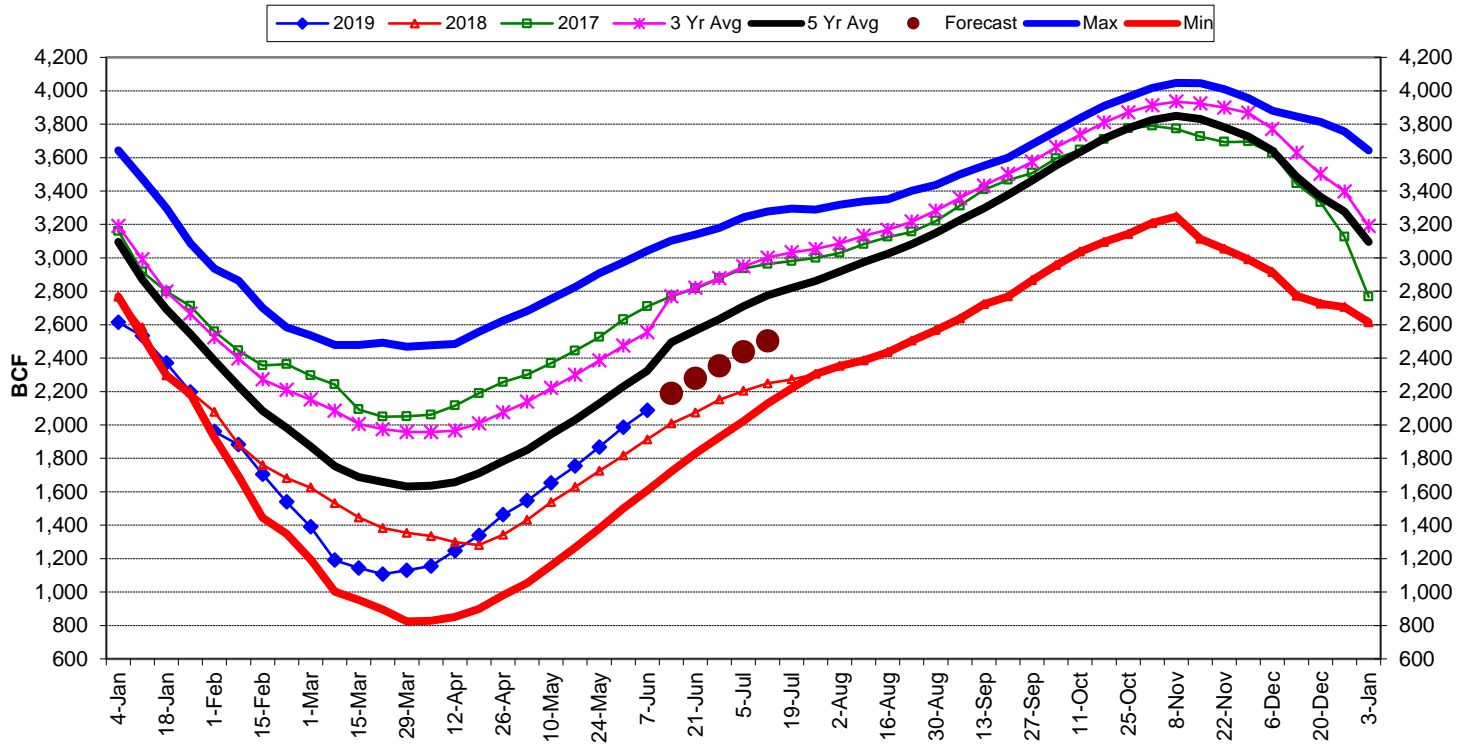
Demand Trends: Total demand rose +1.0 bcf/d to +70.9 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +1,099 gigawatt-hrs to 78,930 which trails last year by (2,892) (-3.5%) and exceeds the 5-year average by 8 (0.0%).

Nuclear Generation: Nuclear generation fell (346)MW in the reference week to 89,845 MW. This is (4,716) MW lower than last year and (1,303) MW lower than the 5-year average. **Recent output was at 92,091 MW.**

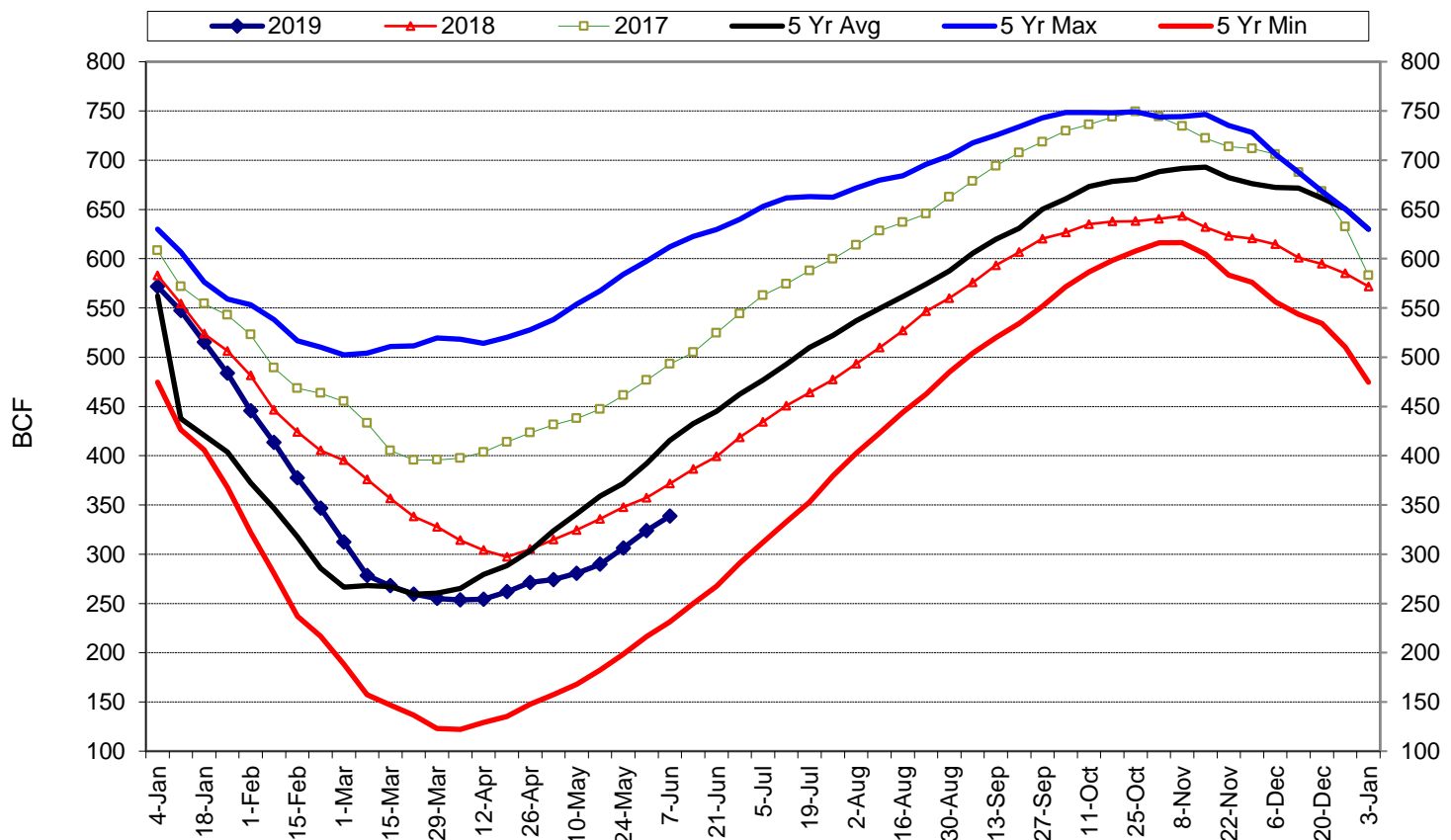
- The cooling season is beginning. With a forecast through June 28, the 2019 total cooling index is at 549 compared to 1,334 for 2018, 1,224 for 2017, 1,301 for 2016, 940 for 2015, 718 for 2014, 999 for 2013, 1,587 for 2012 and 1,244 for 2011.

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

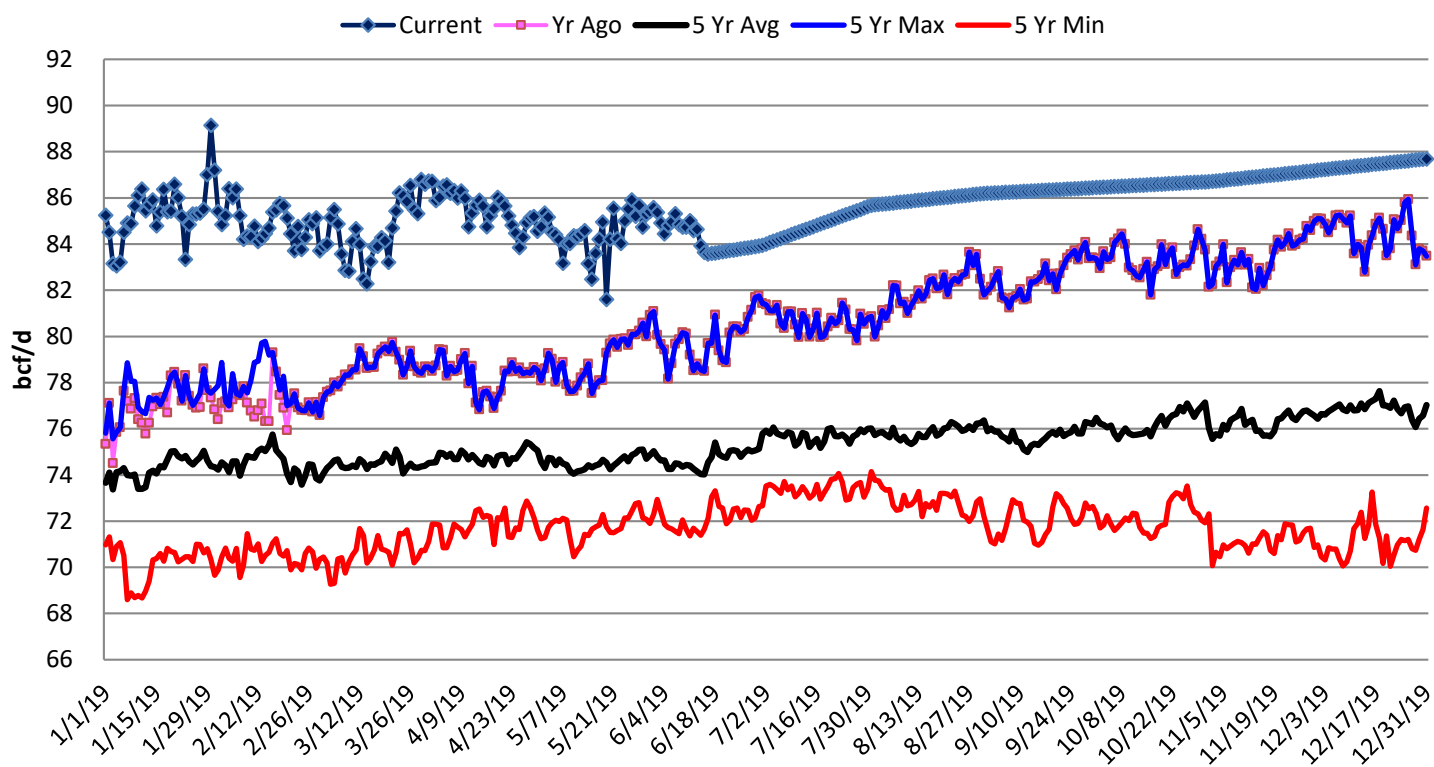
US Total Working Gas Storage - Source - EIA



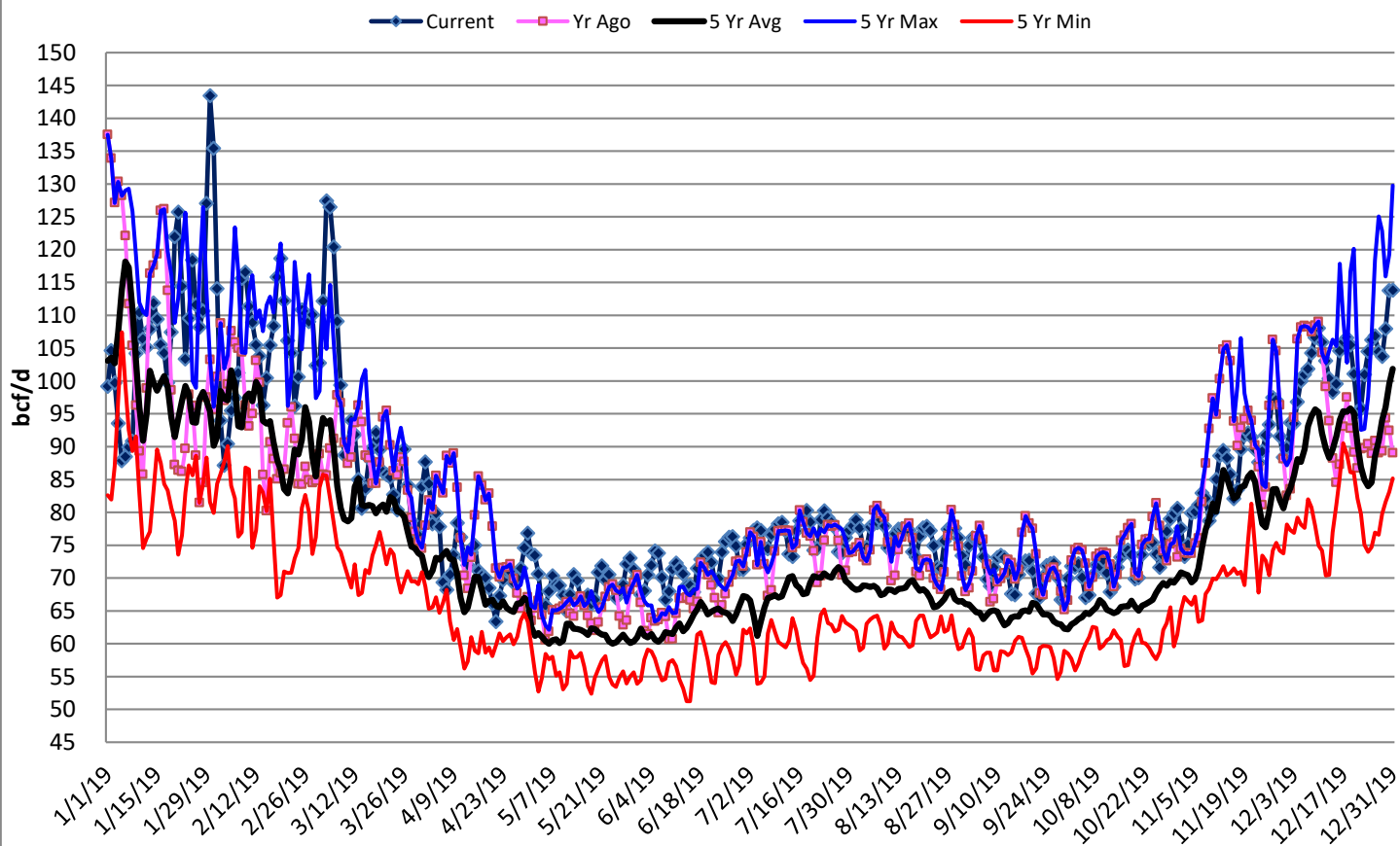
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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