

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 July 12, 2019

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

Price Action: The spot price rose 3.5 cents (1.4%) to \$2.453 on a 12.9 cent range (\$2.489/\$2.360).

Price Outlook: Prices rose for the 2nd week in a row on continued indications the July \$2.291 prices increased temperature adjust power burn. While the exact impact is still difficult until this week's EIA storage report is released, physical pipeline data does suggest very strong power. With weather forecasts suggesting well above normal national temperatures this week, power burn may reach record daily levels. For daily updated storage projections, subscribe to our joint publication with RBN Energy. The last CFTC data indicated a 13,075 contract increase in the net short managed money position as longs liquidated and shorts covered. This is the largest net short position since November 17, 2015, 2016. This is the lowest long position since ICE data was added in early January 2010. Total open interest fell (415) to 3.444 million as of July 09. Aggregated CME futures open interest fell to 1.309 million as of July 12. The current weather forecast is now warmer than 9 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 3.7 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 1.391 bcf. Cameron is exporting 0.638 bcf. Freeport is exporting 0.120 bcf. Elba Island is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending July 5 indicated an injection of +81 bcf. Working gas inventories rose to 2,471 bcf. Current inventories rise 268 bcf (12.2%) above last year and fall (143) bcf (-5.5%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 2 bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, the EIA has reported total injections of +485 bcf compared to our +476 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.

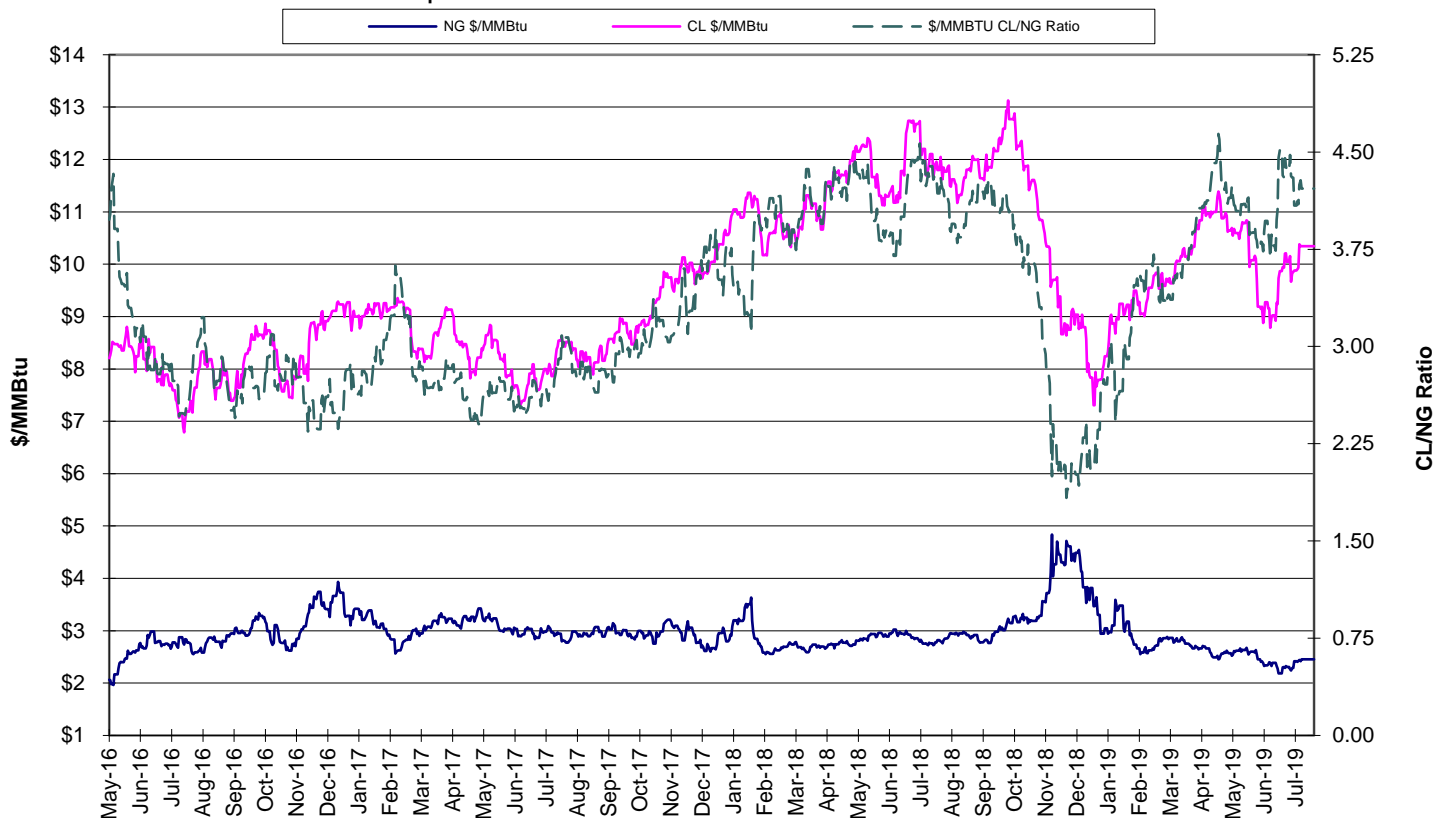
Supply Trends: Total supply rose 1.2 bcf/d to 85.3 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (5). Oil activity decreased (4). Natural gas activity decreased (2). The total US rig count now stands at 958. The Canadian rig count fell (3) to 117. Thus, the total North American rig count fell (8) to 1,075 and now trails last year by (176). The higher efficiency US horizontal rig count fell (8) to 831 and falls (99) below last year.

Demand Trends: Total demand rose +3.8 bcf/d to +75.2 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand rose. Electricity demand rose +2,767 gigawatt-hrs to 88,671 which trails last year by (3,601) (-3.9%) and exceeds the 5-year average by 2,291 (2.7%%).

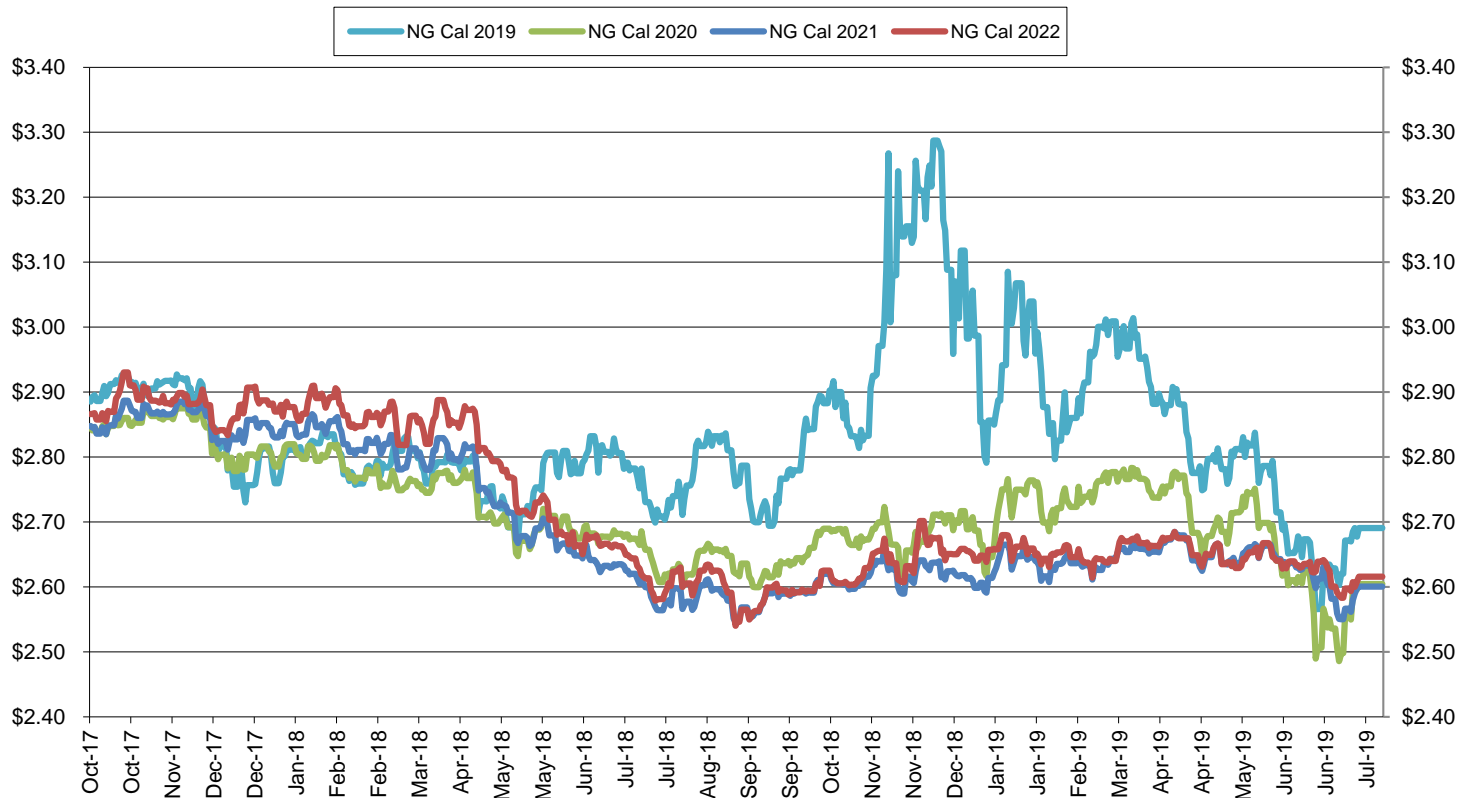
Nuclear Generation: Nuclear generation rose 671 MW in the reference week to 95,326 MW. This is +1,504 MW higher than last year and +1,675 MW higher than the 5-year average. Recent output was at 95,450 MW.

- The cooling season is beginning. With a forecast through July 26, the 2019 total cooling index is at 1,922 compared to 3,395 for 2018, 2,967 for 2017, 3,192 for 2016, 1,929 for 2015, 1,867 for 2014, 2,707 for 2013, 4,567 for 2012 and 3,298 for 2011.

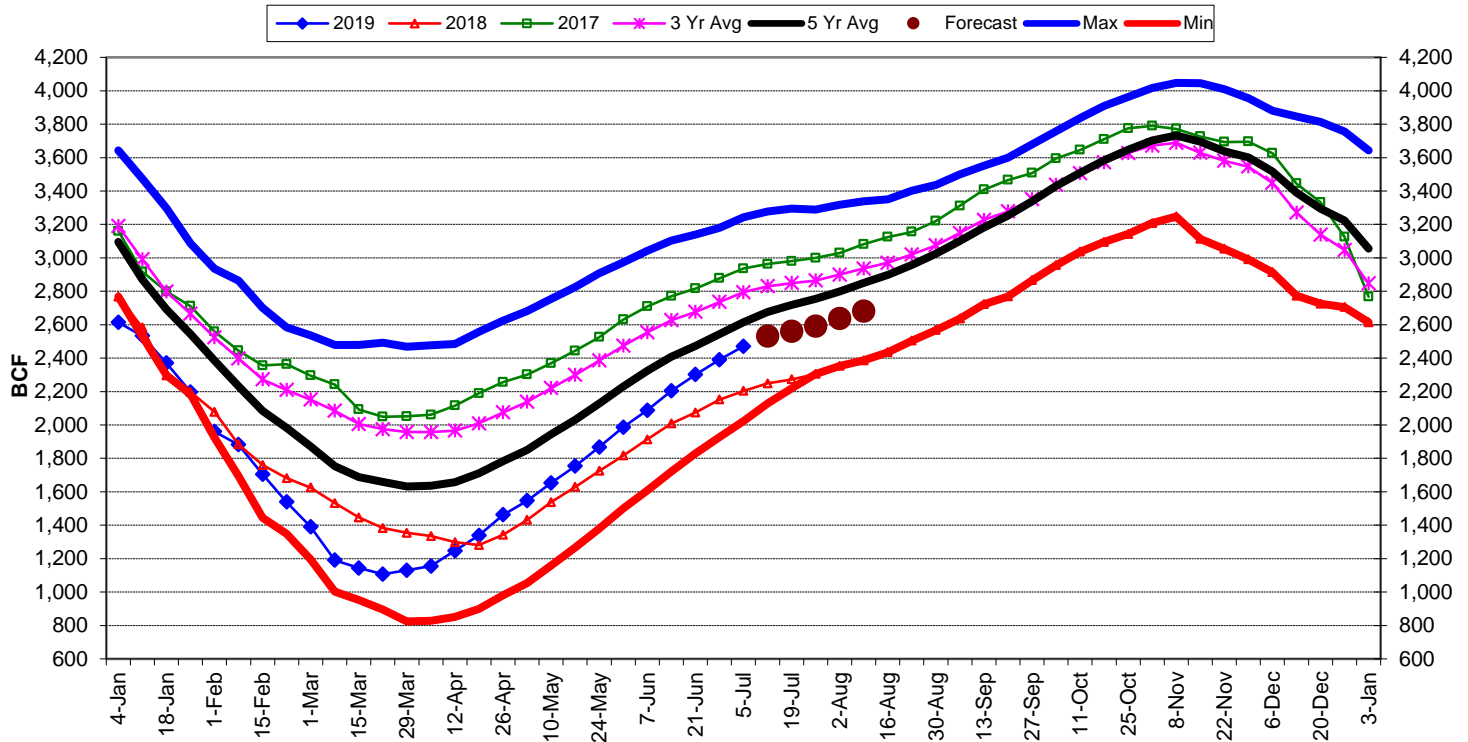
\$/MMBtu Ratio of NYMEX CL and NG



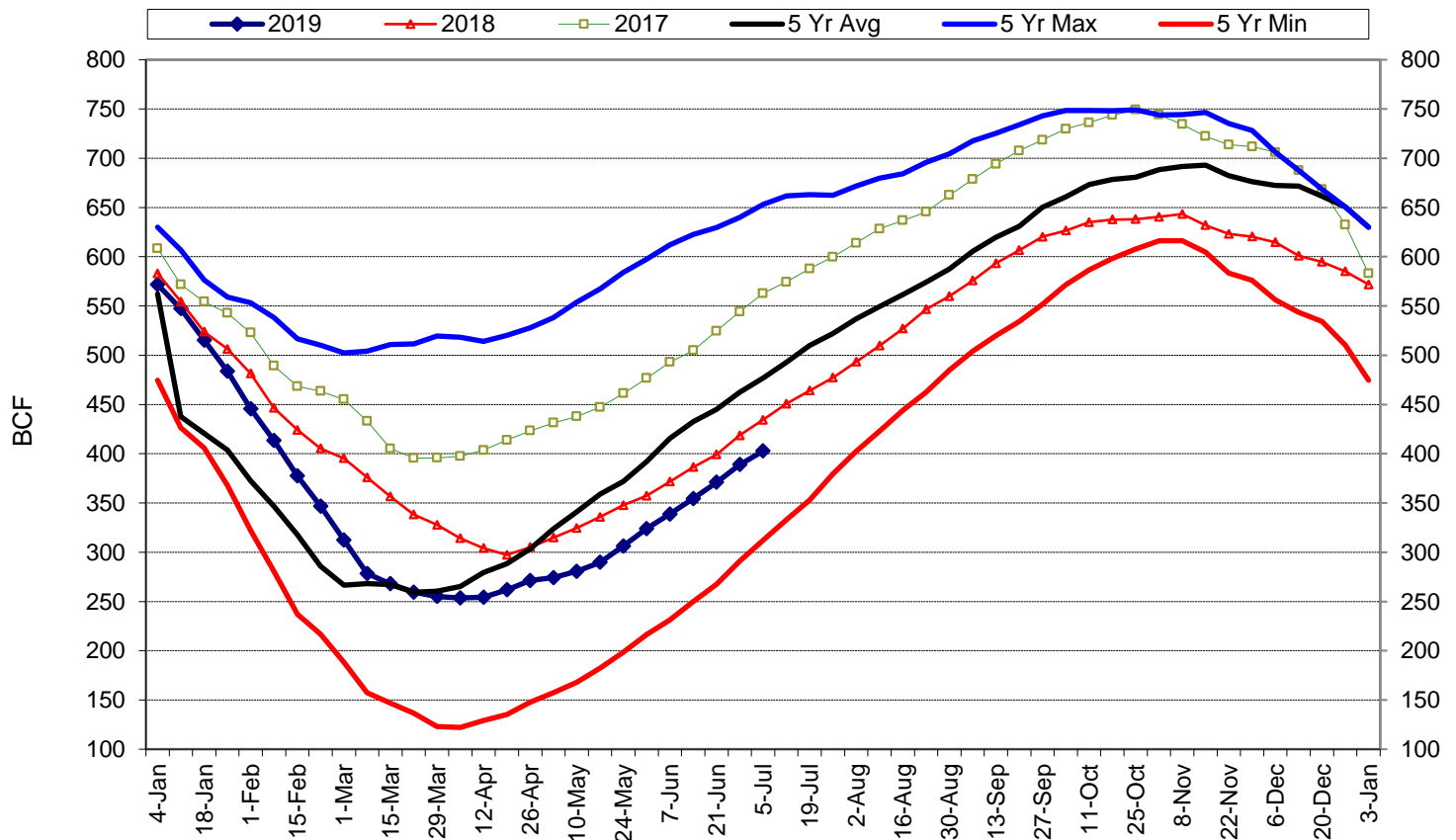
NYMEX Calendar Strips



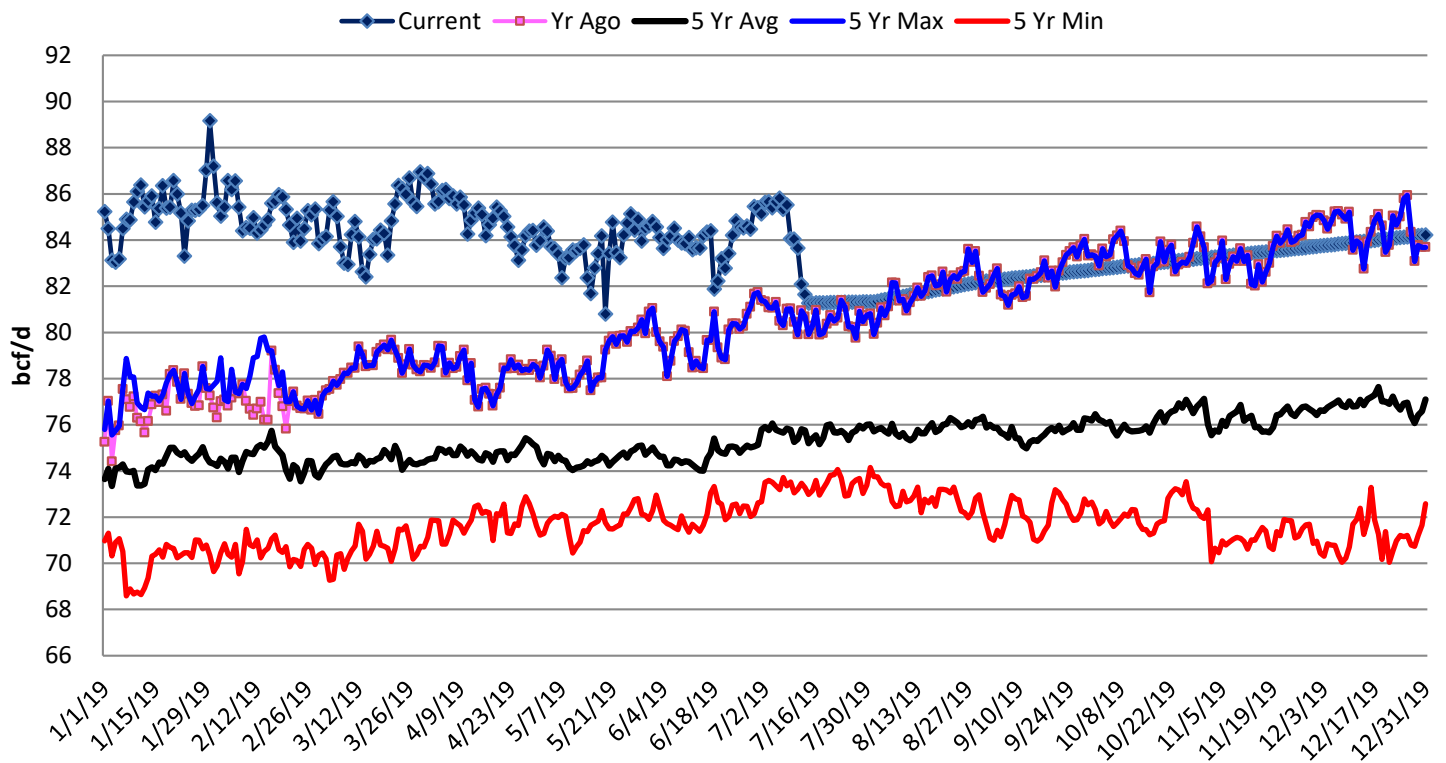
US Total Working Gas Storage - Source - EIA



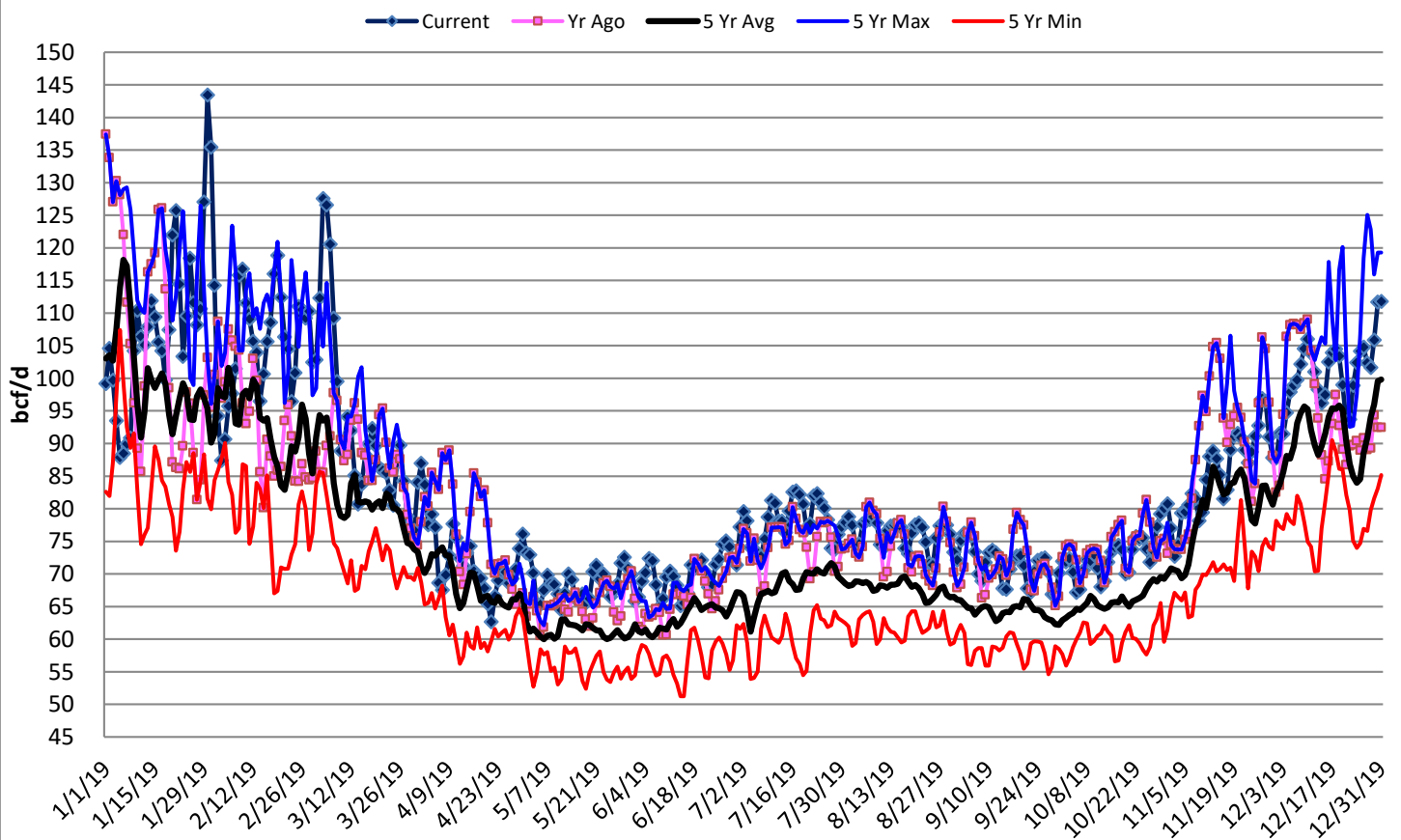
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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