

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 26, 2019

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

Price Action: The spot price fell 8.2 cents (3.6%) to \$2.169 on a 16.3 cent range (\$2.328/\$2.165).

Price Outlook: Prices continued lower as peak summer demand has likely passed with average national temperatures beginning to fall at the same time days are becoming shorter. Prices were just shy of the recent \$2.159 and if weather does not turn more bullish, the market is poised to break that level and possibly headed for sub \$2.00.

For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (31,307) contract increase in the net short managed money position as longs added and shorts added. This is the largest net short position since November 10, 2015 and is the 9th largest short position on record. The outright short position is the largest since May 31, 2016. Total open interest rose 11,067 to 3.506 million as of July 23. Aggregated CME futures open interest rose to 1.313 million as of July 26, the highest since February 6. The current weather forecast is now warmer than 5 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 1.400 bcf. Cameron is exporting 0.000 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 19 indicated an injection of +36 bcf. Working gas inventories rose to 2,569 bcf. Current inventories rise 297 bcf (13.1%) above last year and fall (149) bcf (-5.5%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 3 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 +366 bcf compared to our +364 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast.

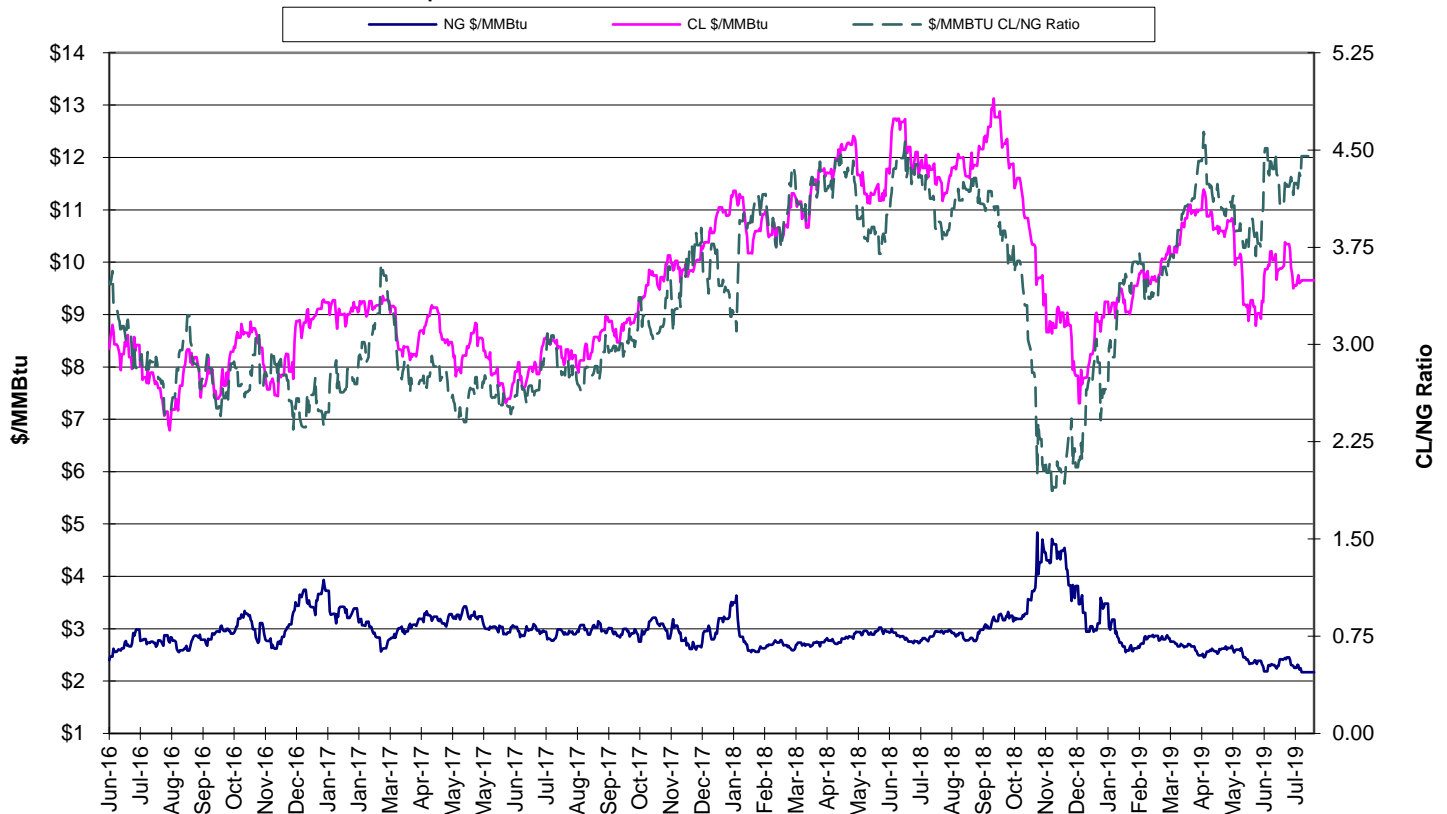
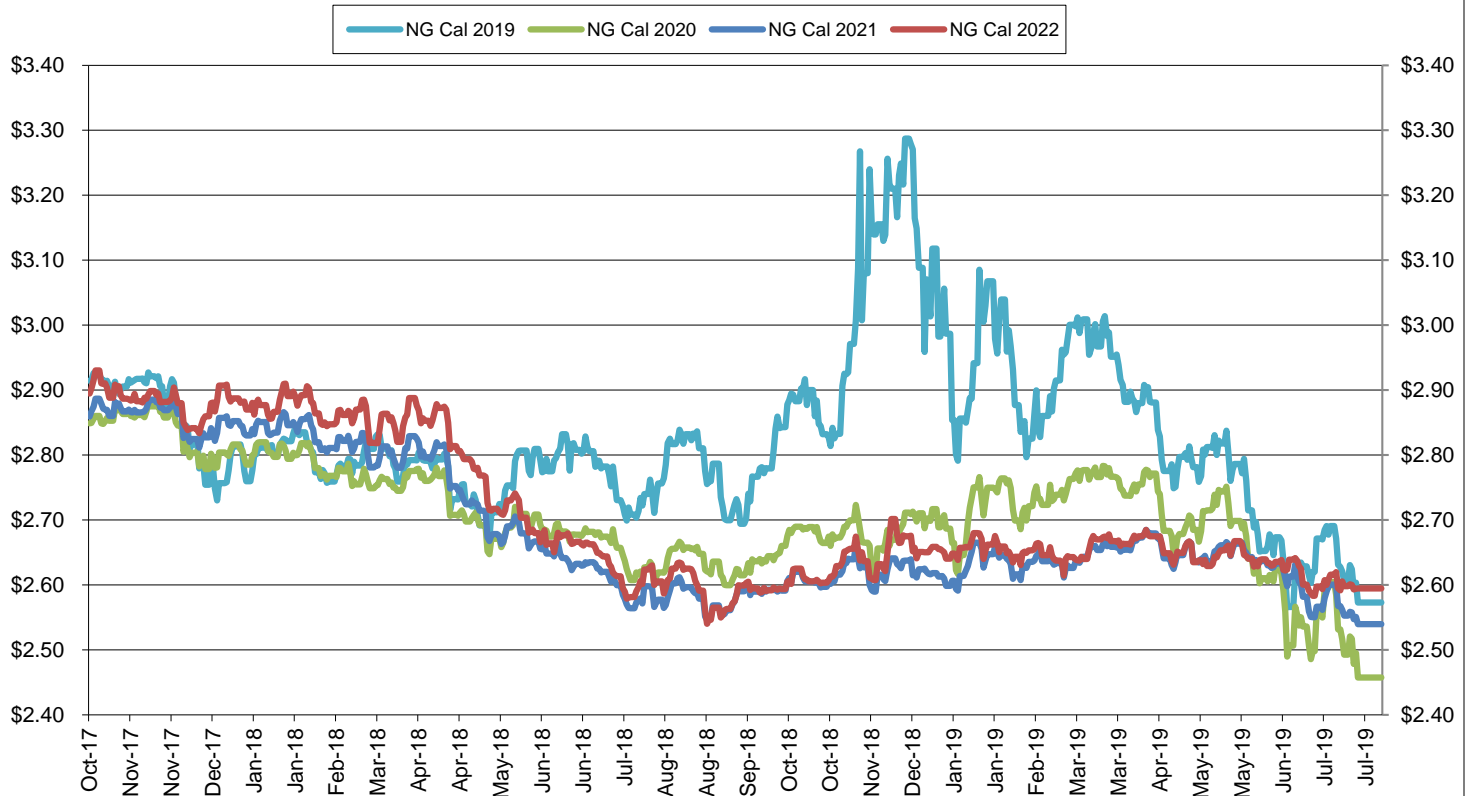
Our joint publication with RBN updates storage projections daily.

Supply Trends: Total supply fell (2.1) bcf/d to 82.6 bcf/d. US production fell. Canadian imports fell. LNG imports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (8). Oil activity decreased (3). Natural gas activity decreased (5). The total US rig count now stands at 946. The Canadian rig count rose +9 to 127. Thus, the total North American rig count rose +1 to 1,073 and now trails last year by (198). The higher efficiency US horizontal rig count fell (6) to 823 and falls (99) below last year.

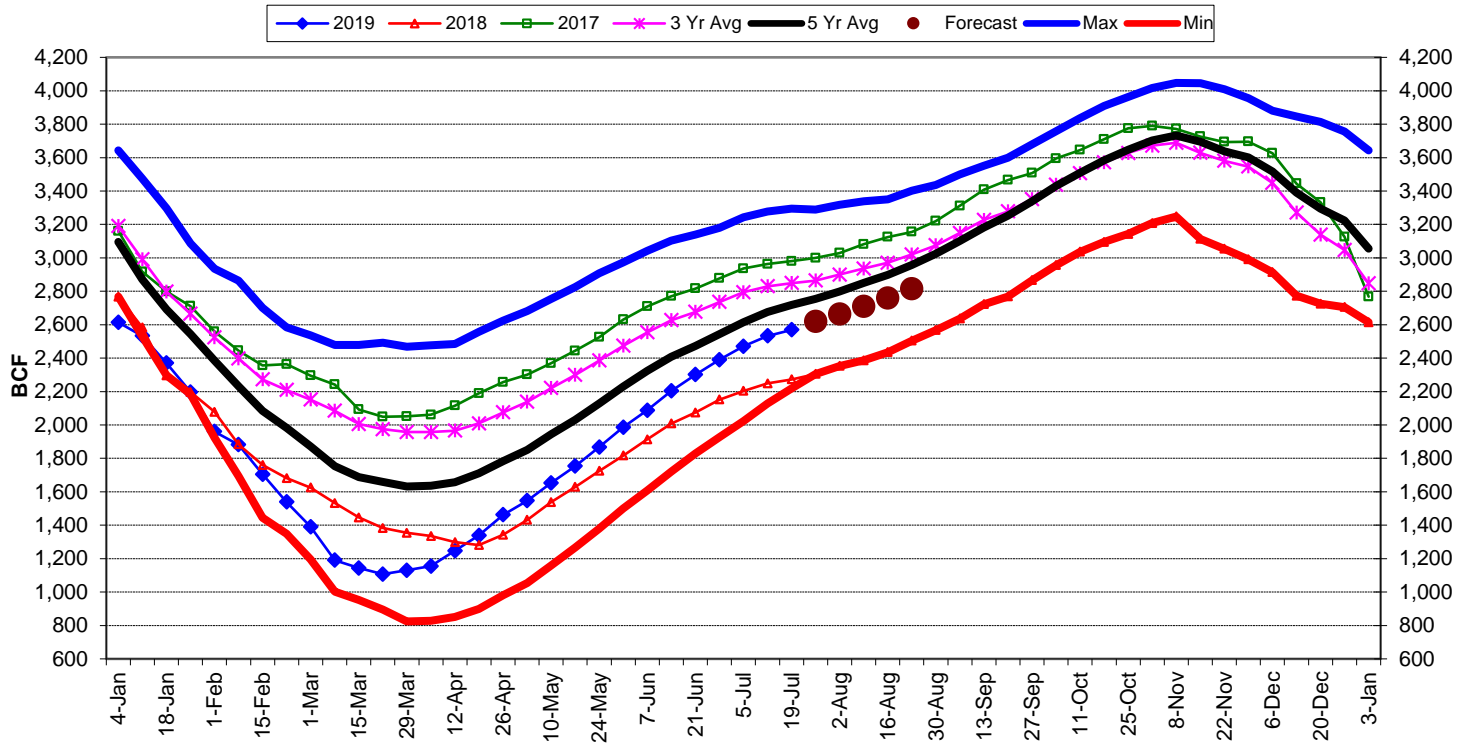
Demand Trends: Total demand rose +2.6 bcf/d to +77.8 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand rose. Electricity demand rose +5,873 gigawatt-hrs to 95,459 which exceeds last year by +2,591 (2.8%) and exceeds the 5-year average by 4,766 (5.3%).

Nuclear Generation: Nuclear generation fell (1,349) MW in the reference week to 93,802 MW. This is (2,210) MW lower than last year and (1,022) MW lower than the 5-year average. Recent output was at 95,014 MW.

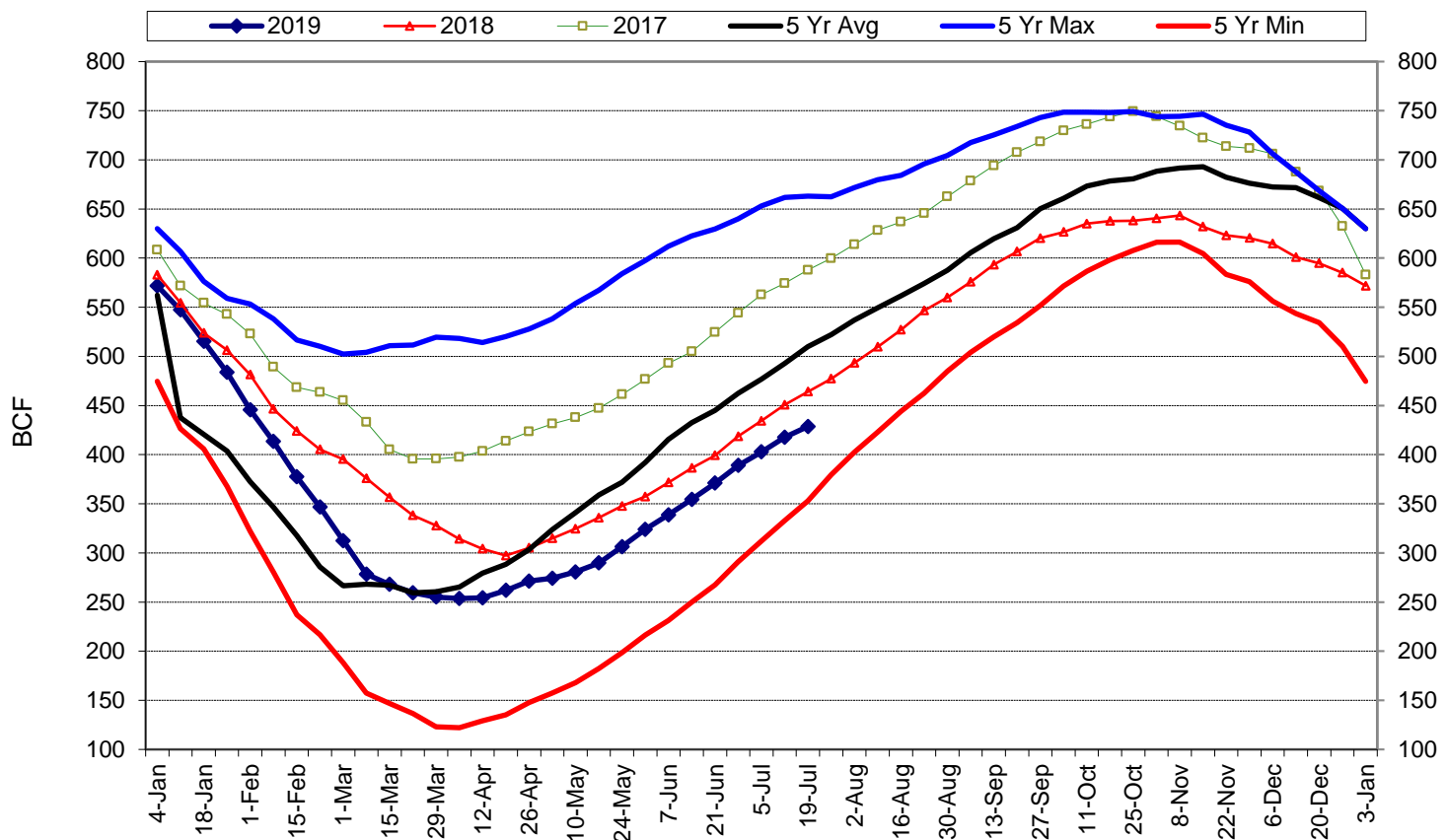
- The cooling season is beginning. With a forecast through August 9, the 2019 total cooling index is at 2,615 compared to 4,221 for 2018, 3,489 for 2017, 4,034 for 2016, 2,801 for 2015, 2,275 for 2014, 3,240 for 2013, 5,809 for 2012 and 4,446 for 2011.

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

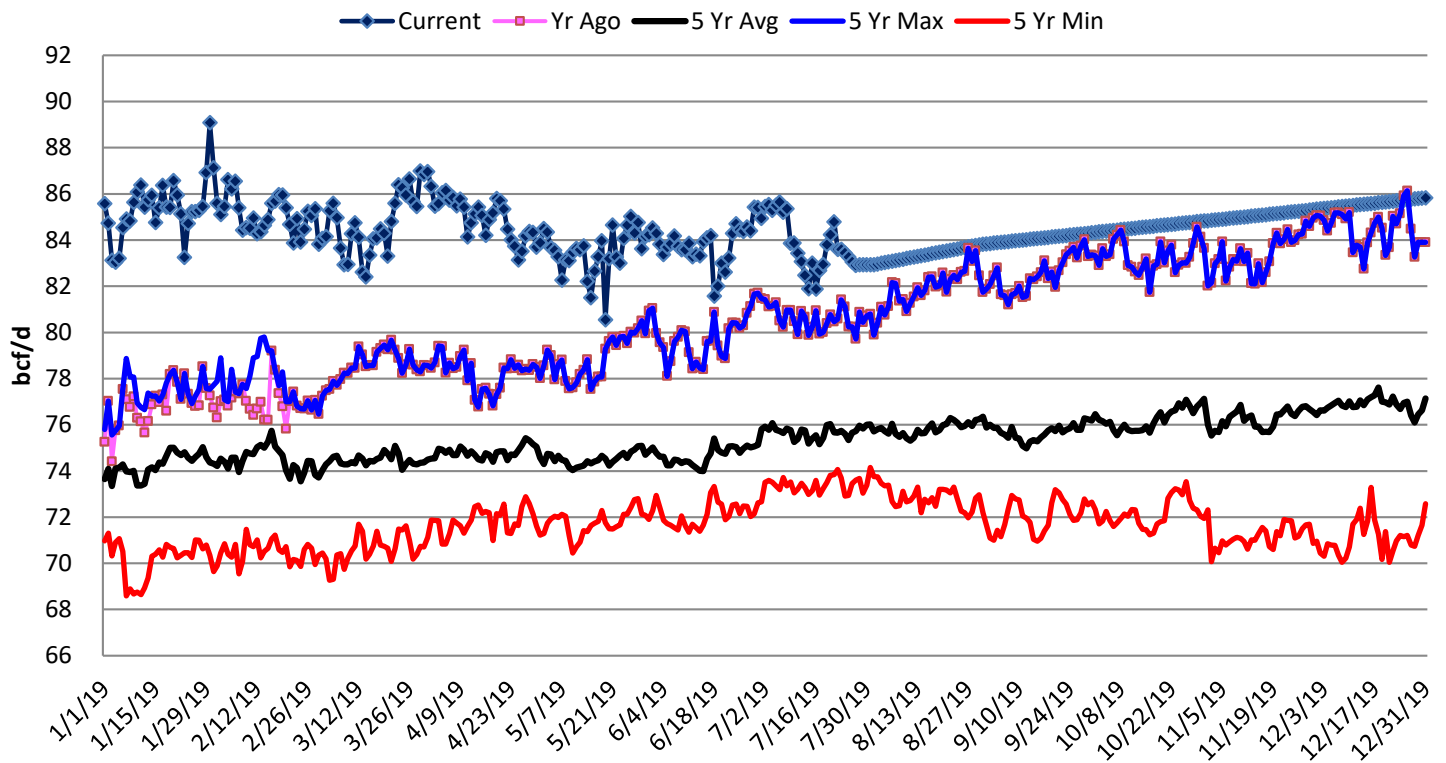
US Total Working Gas Storage - Source - EIA



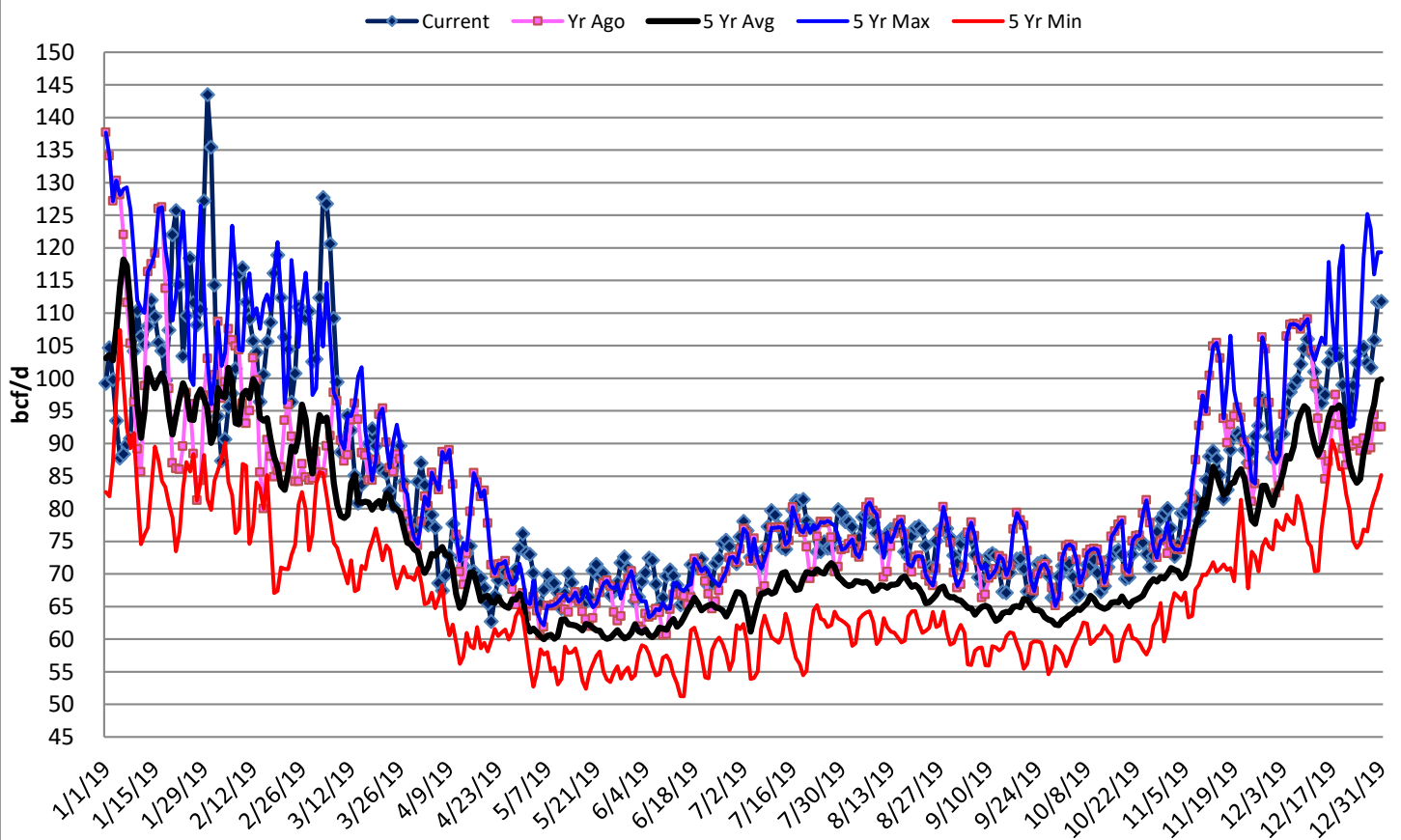
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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