

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 August 16, 2019

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

Price Action: The spot price rose 8.1 cents (3.8%) to \$2.120 on an 18.1 cent range (\$2.267/\$2.086).

Price Outlook: Prices rose as bullish weather forecasts and a smaller than expected storage injection ended the recent price slide. The implications of the well below expected storage injection is that the low price level has finally started to impact the physical supply/demand balance. This is the 2nd week of below expected injections and could certainly help support price if storage injections finally turn bullish compared to last year and the 5-year average. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a (11,604) contract increase in the net short managed money position as longs liquidated and shorts added. This is the largest net short position we have on record with current comparable data sets. However, the current 405,316 shorts are far shy of the record 600,403 shorts from February 21, 2012. The 185,574 longs are the smallest for the comparable data sets and are just a fraction of the record 809,556 longs from April 16, 2013. Total open interest rose 25,532 to 3.581 million as of August 13. Aggregated CME futures open interest fell (25,362) to 1.338 million as of August 16. The current weather forecast is now warmer than 10 of the last 10 years. **Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 2.3 bcf. Cove Point is net exporting 0.7 bcf. Corpus Christi is exporting 1.160 bcf. Cameron is exporting 0.395 bcf. Freeport is exporting 0.050 bcf. Elba Island is exporting 0.023 bcf.**

Weekly Storage: US working gas storage for the week ending August 9 indicated an injection of +49 bcf. Working gas inventories rose to 2,738 bcf. Current inventories rise 352 bcf (14.8%) above last year and fall (112) bcf (-3.9%) below the 5-year average.

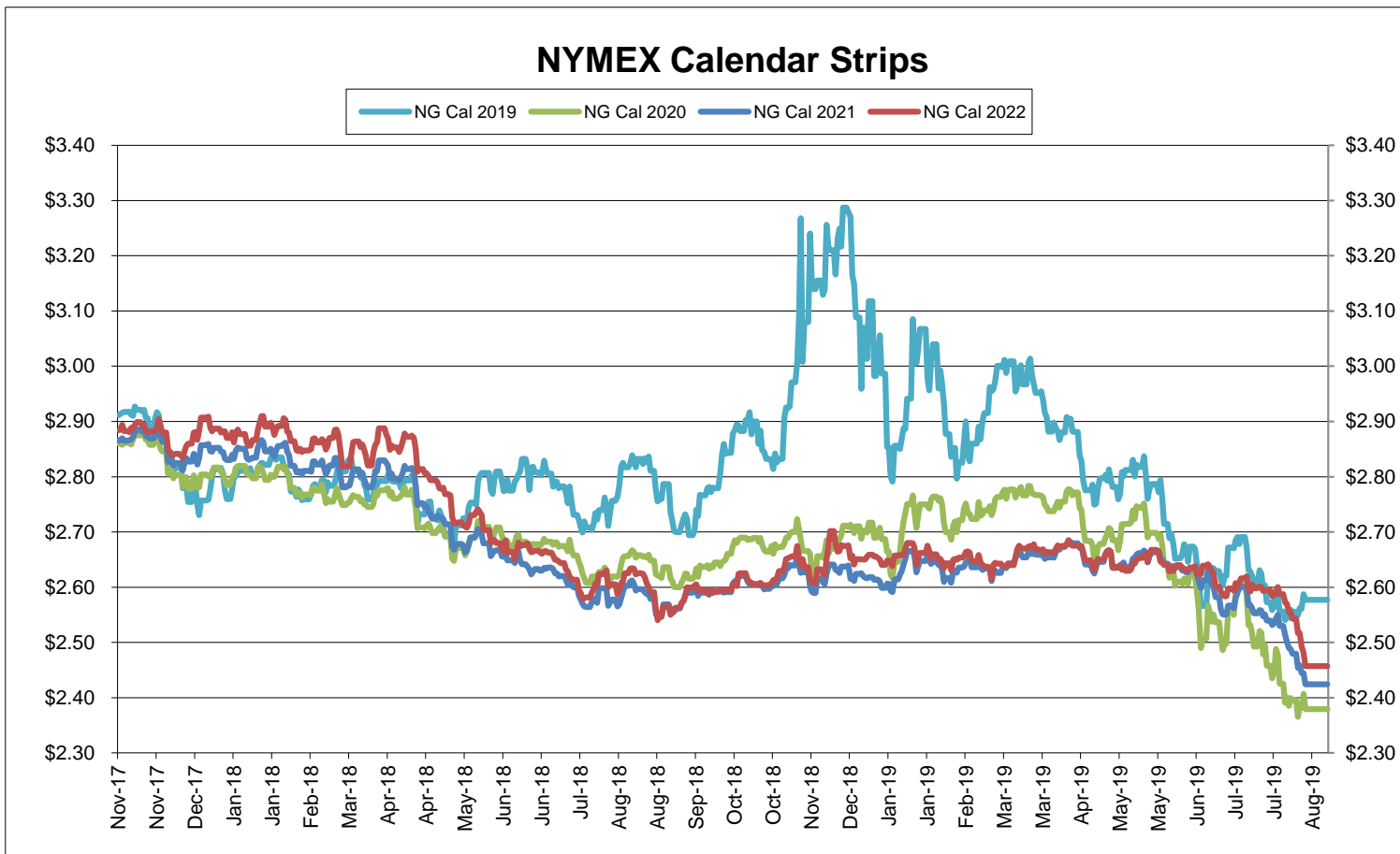
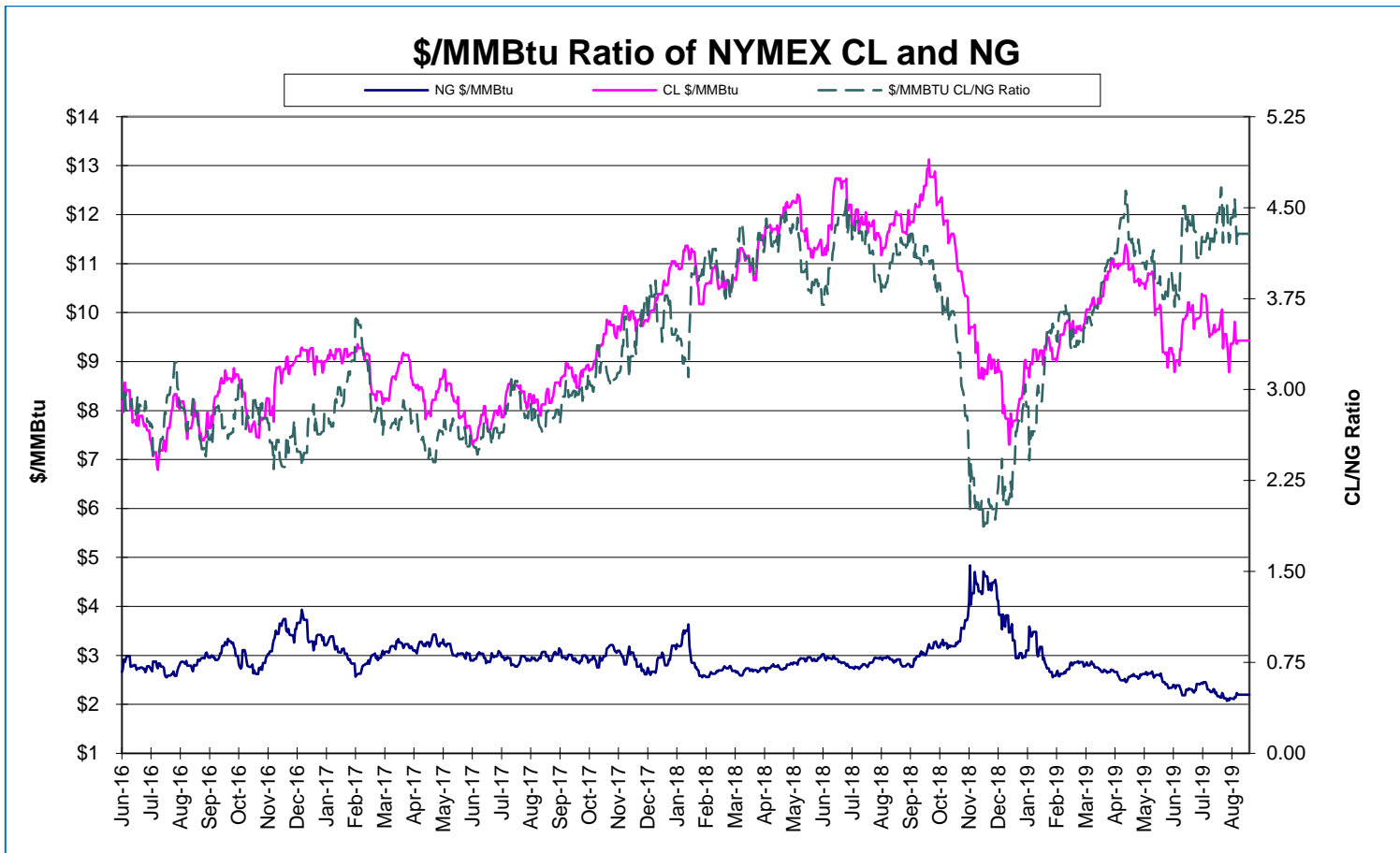
Storage Outlook: The EIA weekly implied flow was (11) bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, the EIA has reported total injections of +267 bcf compared to our +273 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply rose 1.9 bcf/d to 86.0 bcf/d. US production rose. Canadian imports fell. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count rose +1. Oil activity increased +6. Natural gas activity decreased (4). The total US rig count now stands at 935. The Canadian rig count rose +2 to 142. Thus, the total North American rig count rose +3 to 1,077 and now trails last year by (192). **The higher efficiency US horizontal rig count fell (2) to 815 and falls (107) below last year.**

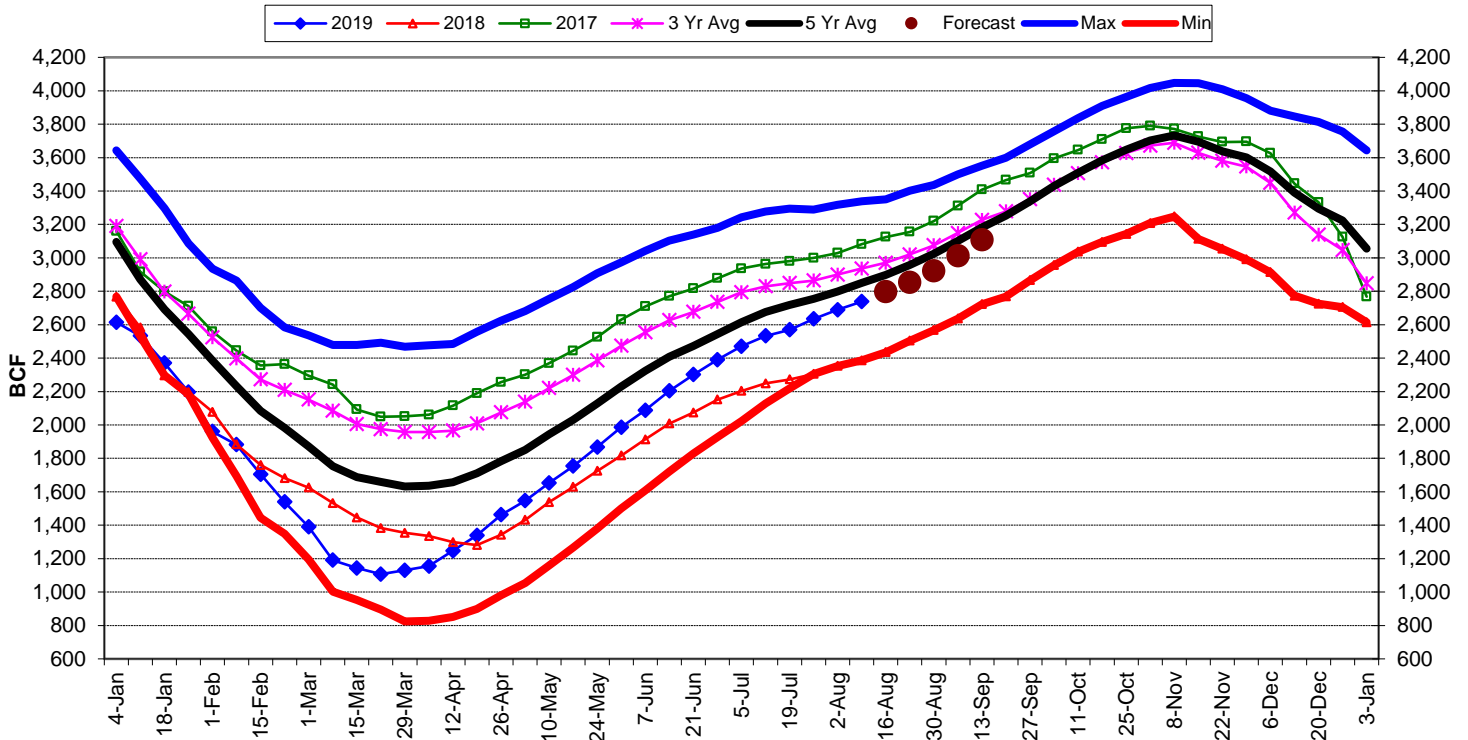
Demand Trends: Total demand rose +1.4 bcf/d to +77.7 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand fell. Electricity demand fell (416) gigawatt-hrs to 90,200 which trails last year by (2,789) (-3.0%) and exceeds the 5-year average by 1,182 (1.3%).

Nuclear Generation: Nuclear generation rose 2,273 MW in the reference week to 95,295 MW. This is (511) MW lower than last year and (150) MW lower than the 5-year average. **Recent output was at 95,718 MW.**

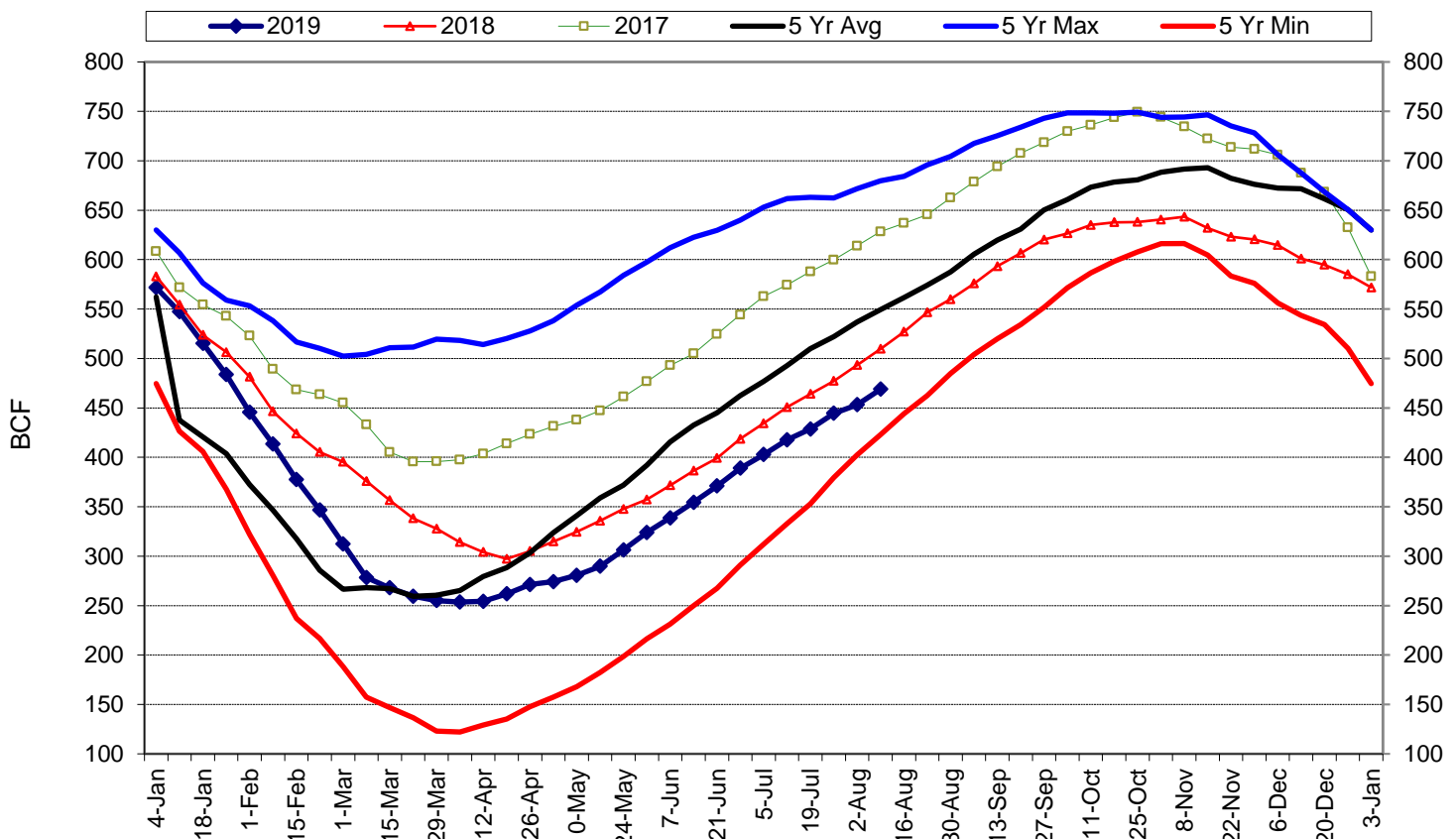
- The cooling season is beginning. With a forecast through August 30, the 2019 total cooling index is at 3,808 compared to 4,976 for 2018, 4,165 for 2017, 5,402 for 2016, 3,713 for 2015, 2,904 for 2014, 4,144 for 2013, 6,715 for 2012 and 5,867 for 2011.



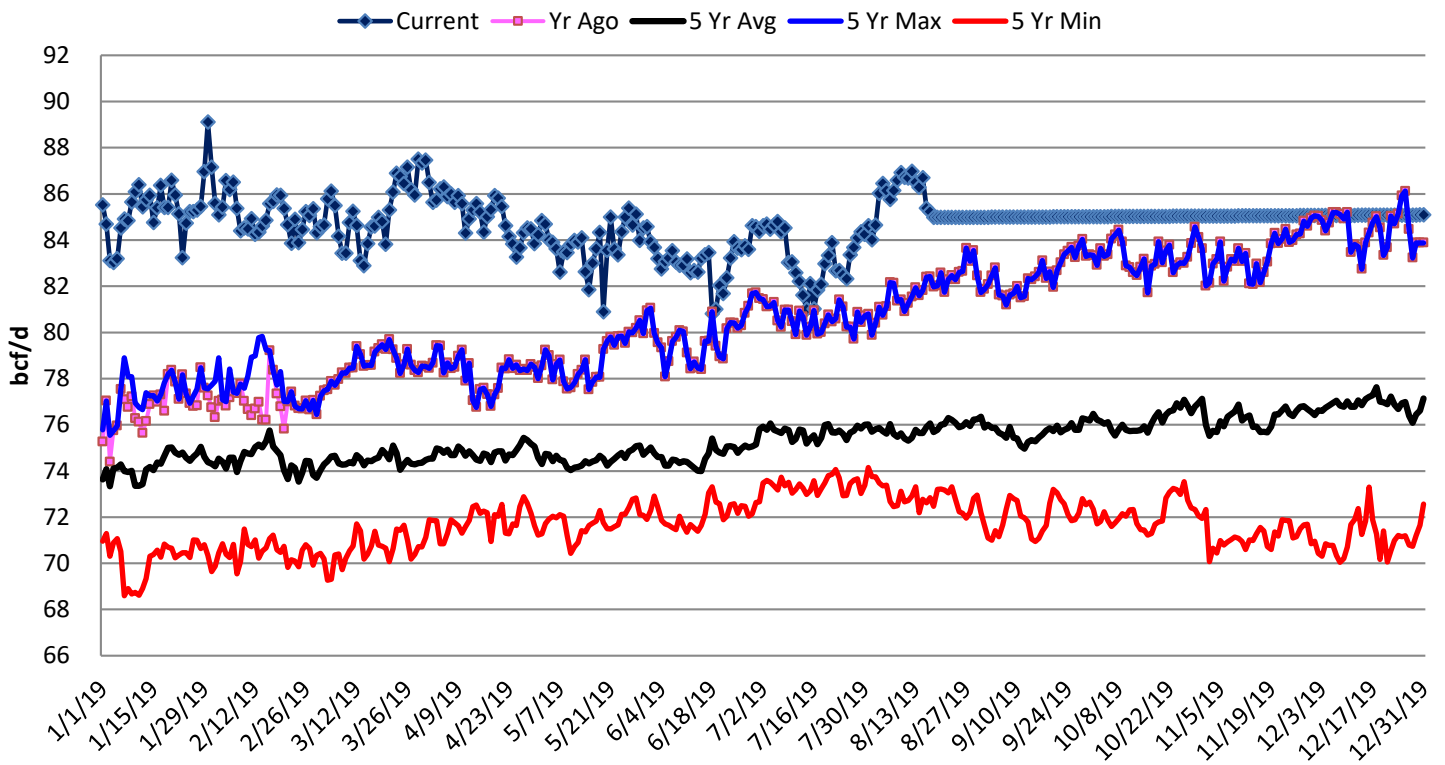
US Total Working Gas Storage - Source - EIA



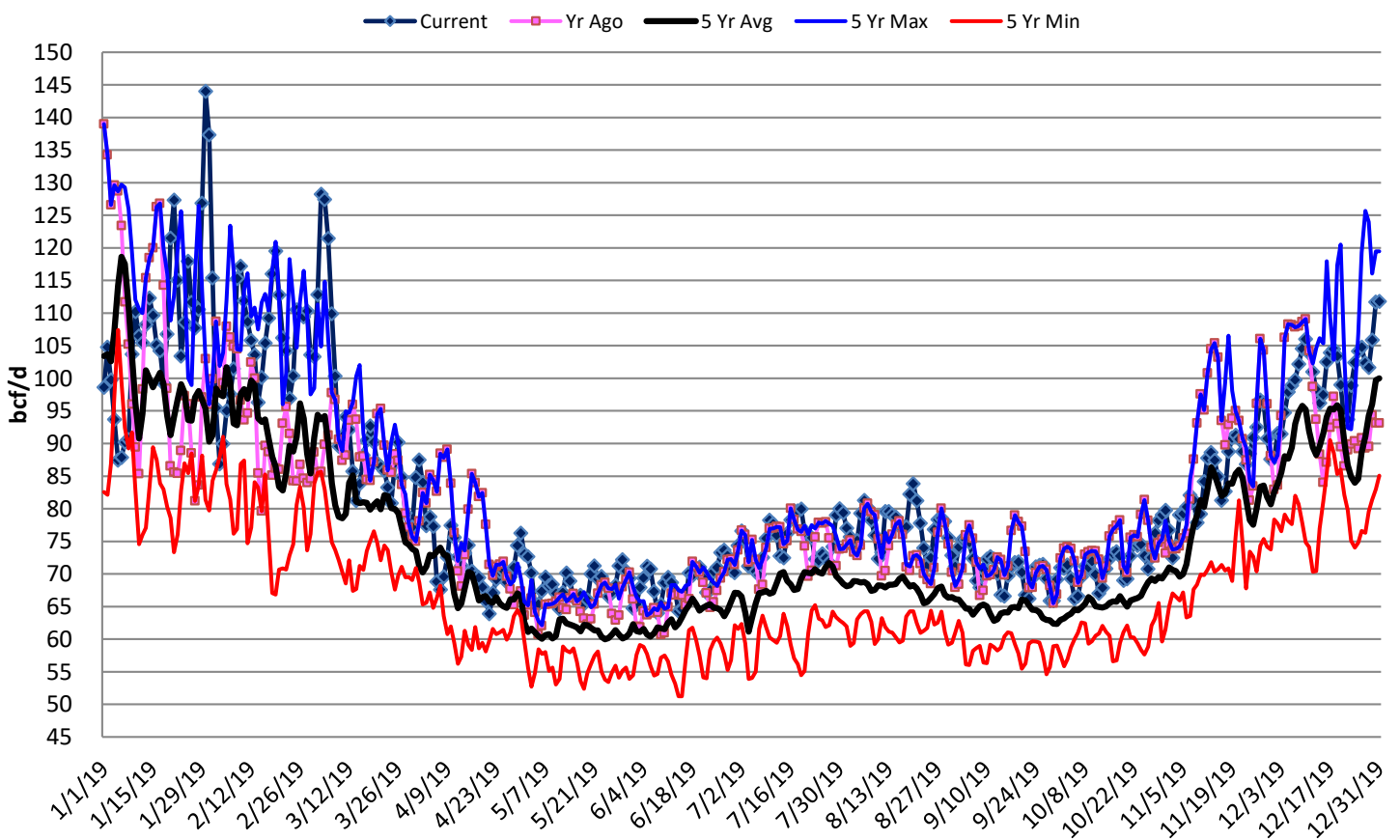
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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