

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 August 30, 2019

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

Price Action: The spot price rose 13.3 cents (6.2%) to \$2.285 on a 15.1 cent range (\$2.310/\$2.159).

Price Outlook: Prices posted a new weekly high as weather forecasts indicated prolonged cooling demand into mid-September at the same time the weekly storage injection trailed last year, allowing the yearly storage surplus to fall. This is the 1st contraction in the yearly storage surplus since May 3. Based on a still bearish temperature adjusted supply/demand balance and bullish weather last year, the storage surplus should continue expanding in coming weeks, thus likely limiting price upside without other bullish fundamental factors. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (1,440) contract increase in the net short managed money position as longs added and shorts added. Total open interest fell (116,551) to 3.446 million as of August 27. Aggregated ME futures open interest rose 24,496 to 1.316 million as of August 30, the highest since August 21. 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 3.6 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 1.580 bcf. Cameron is exporting 0.612 bcf. Freeport is exporting 0.260 bcf. Elba Island is exporting 0.030 bcf.

Weekly Storage: US working gas storage for the week ending August 23 indicated an injection of +60 bcf. Working gas inventories rose to 2,857 bcf. Current inventories rise 353 bcf (14.1%) above last year and fall (100) bcf (-3.4%) 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 +288 bcf compared to our +295 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.

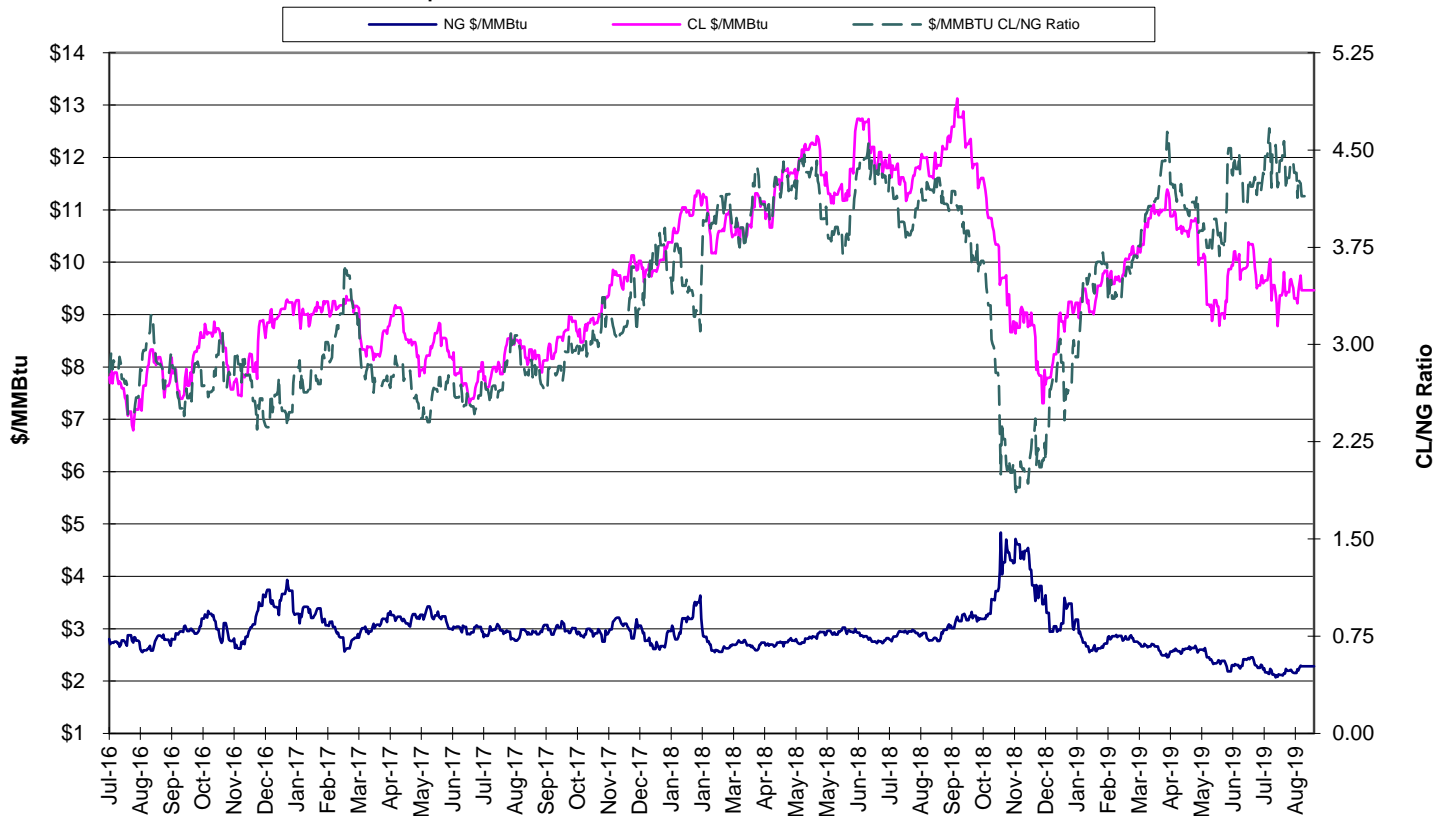
Supply Trends: Total supply fell (0.3) bcf/d to 87.4 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count fell (12). Oil activity decreased (12). Natural gas activity was unchanged +0. The total US rig count now stands at 904. The Canadian rig count rose +11 to 150. Thus, the total North American rig count fell (1) to 1,054 and now trails last year by (222). The higher efficiency US horizontal rig count fell (13) to 784 and falls (133) below last year.

Demand Trends: Total demand rose +0.3 bcf/d to +78.2 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand rose. Electricity demand fell (423) gigawatt-hrs to 89,601 which exceeds last year by +4,092 (4.8%) and exceeds the 5-year average by 3,252 (3.8%).

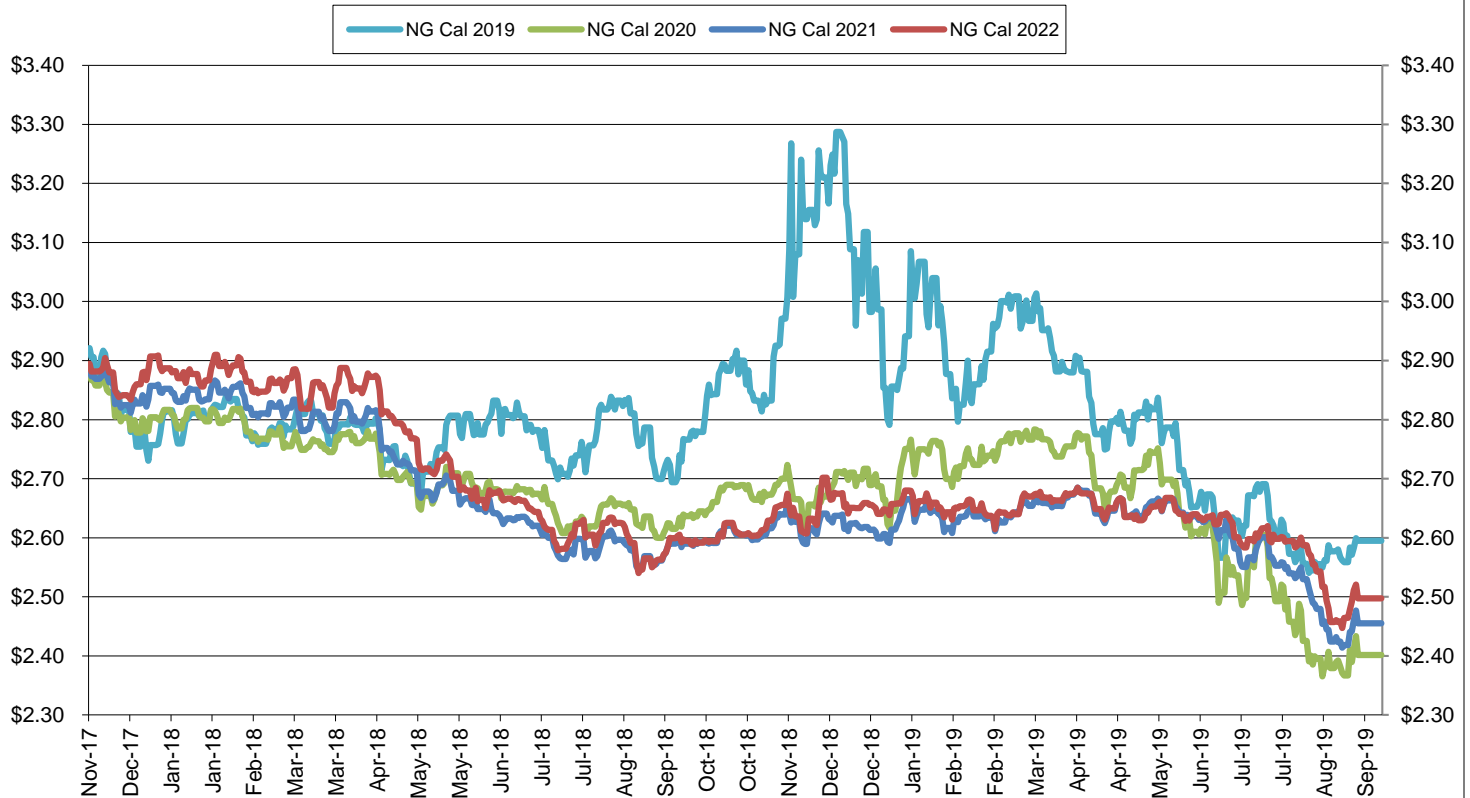
Nuclear Generation: Nuclear generation fell (509) MW in the reference week to 94,785 MW. This is (282) MW lower than last year and (574) MW lower than the 5-year average. Recent output was at 94,395 MW.

- The cooling season is coming to an end. With a forecast through September 13, the 2019 total cooling index is at 4,306 compared to 5,351 for 2018, 4,573 for 2017, 5,402 for 2016, 4,168 for 2015, 3,289 for 2014, 4,713 for 2013, 7,056 for 2012 and 6,502 for 2011.

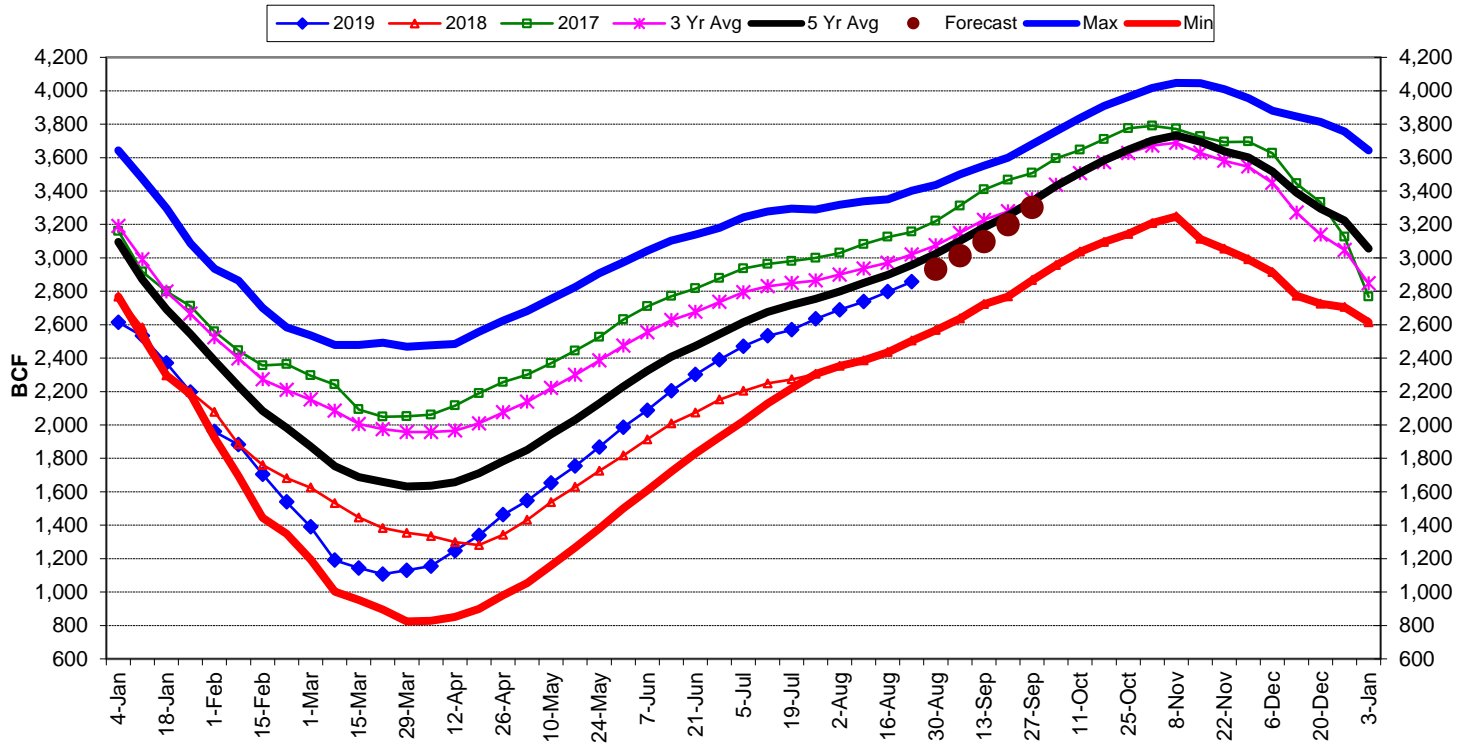
\$/MMBtu Ratio of NYMEX CL and NG



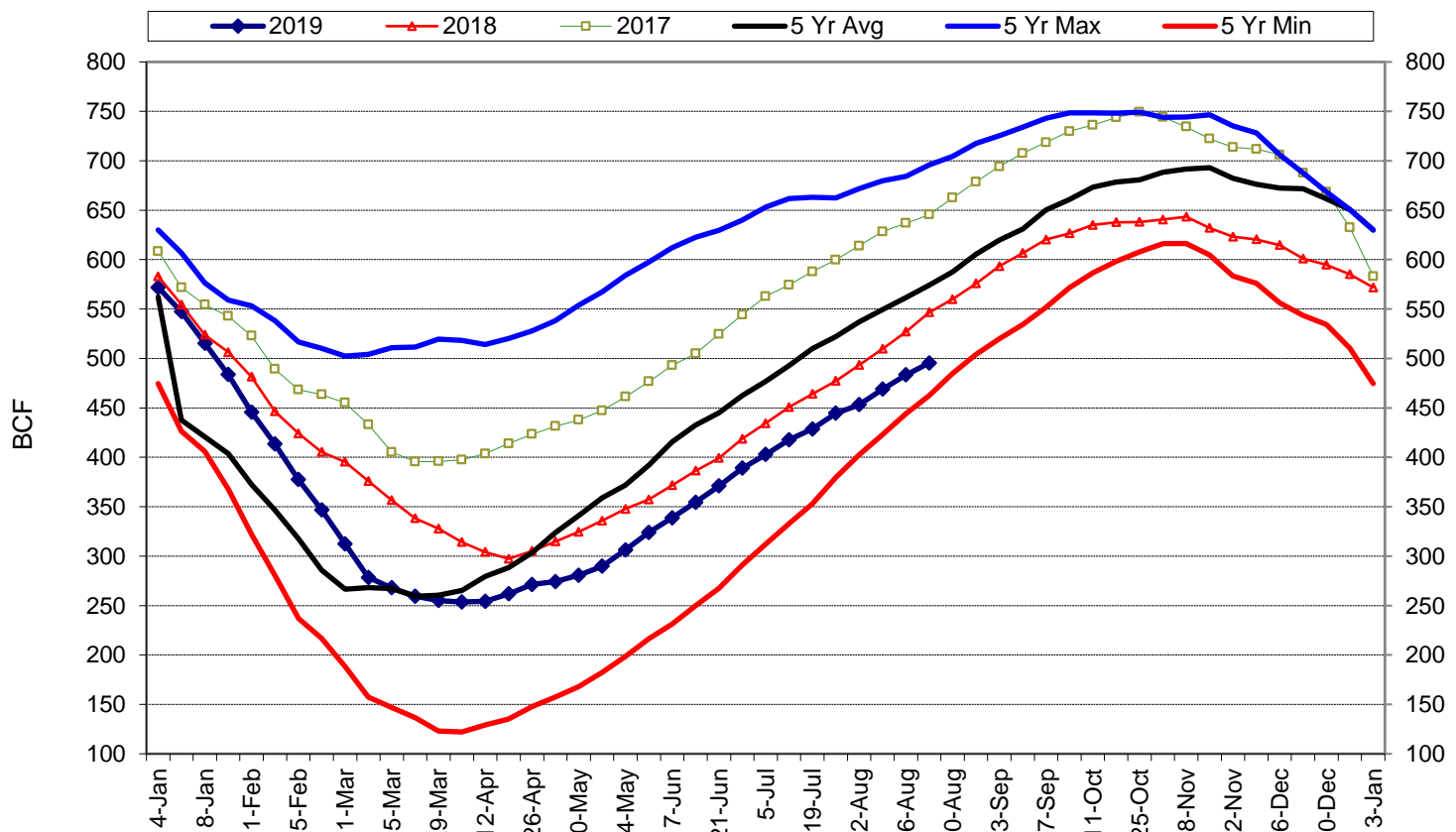
NYMEX Calendar Strips



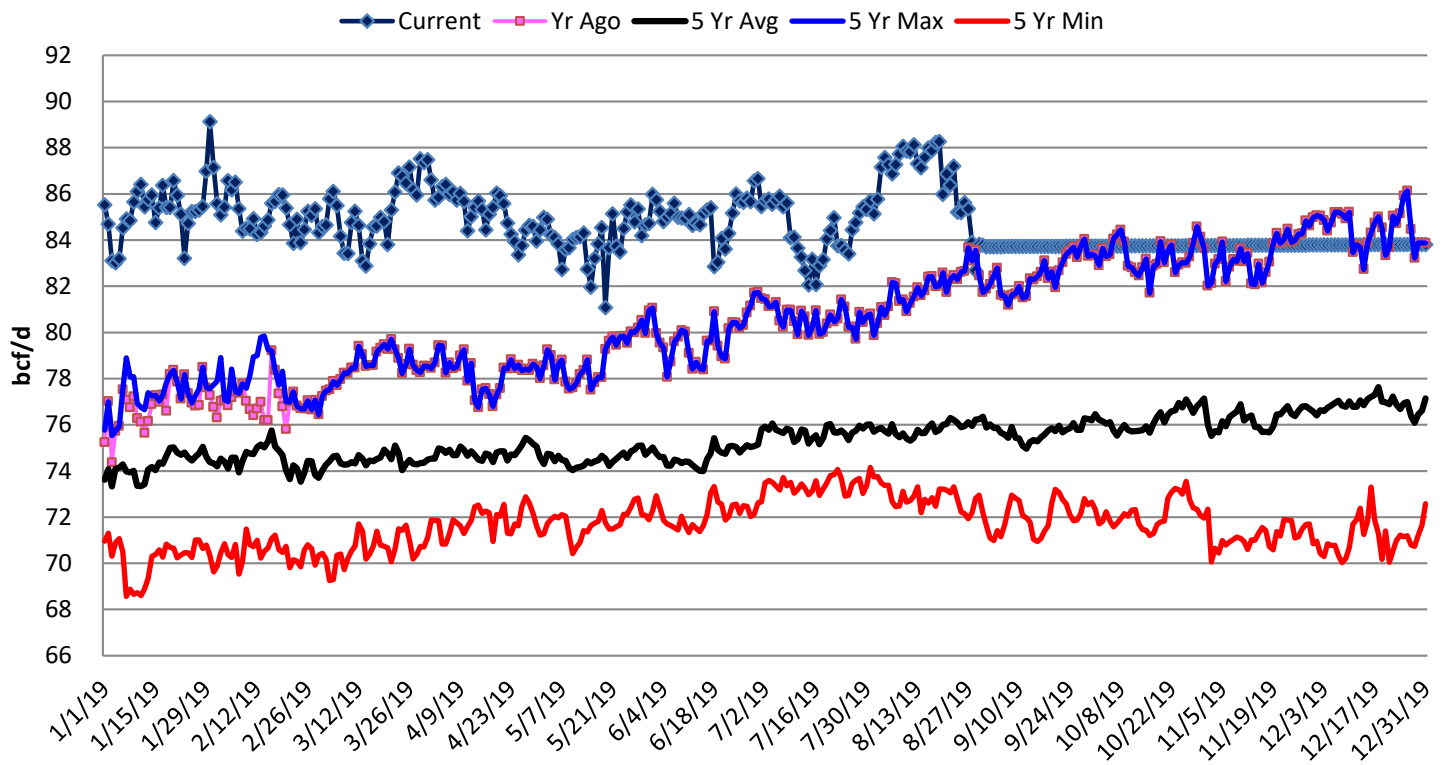
US Total Working Gas Storage - Source - EIA



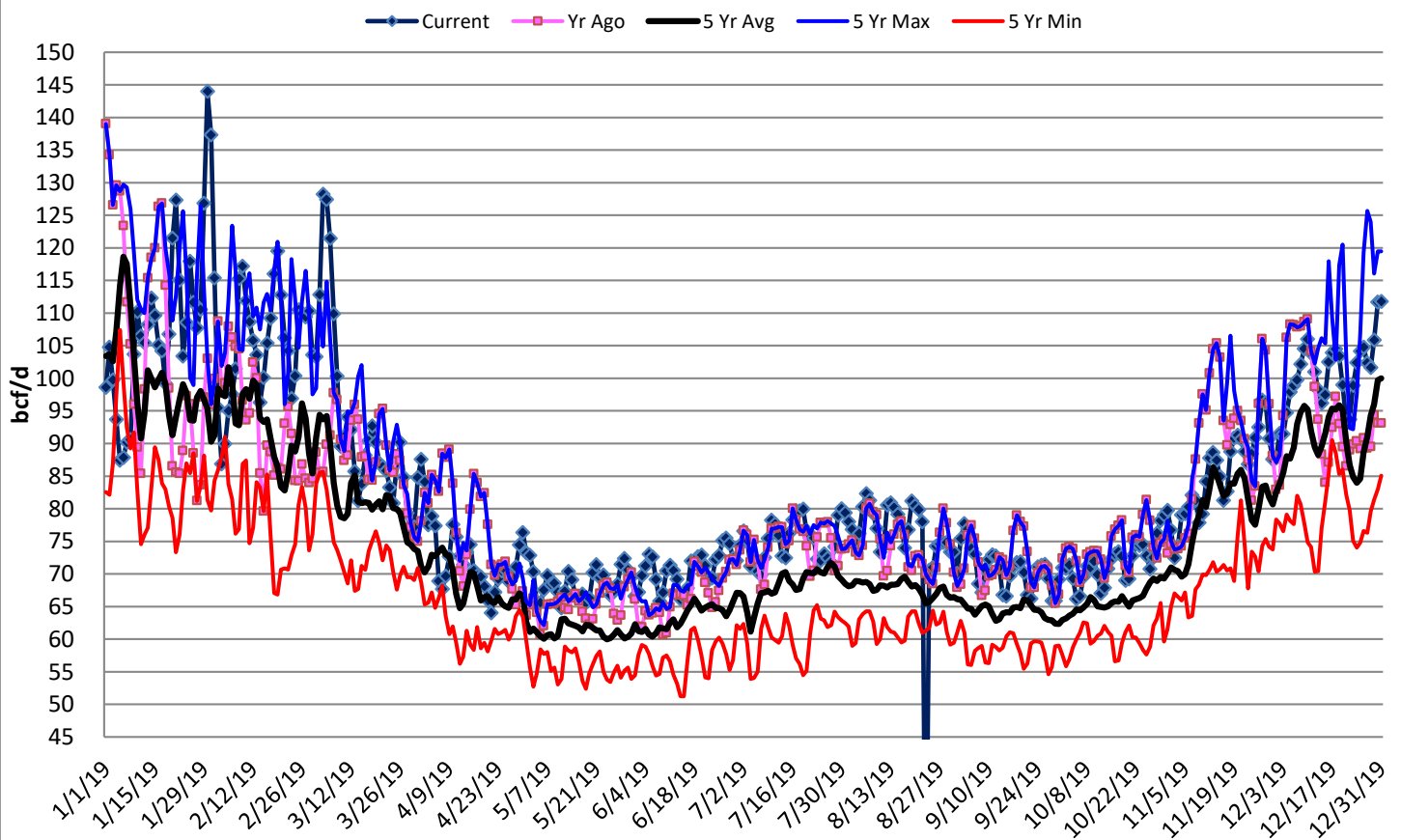
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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