

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 September 6, 2019

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

Price Action: The spot price rose 21.1 cents (9.2%) to \$2.496 on a 22.5 cent range (\$2.505/\$2.280).

Price Outlook: Prices continued to rise despite a larger than expected EIA storage injection as weather forecasts indicated well above normal temperatures, especially in Southern locations, keeping cooling demand elevated. Above normal temperatures remain bullish and will remain bullish through September in Southern locations. However, above normal temperatures in many Northern locations are rapidly becoming bearish. Prices have exceeded expectations in the near term as short covering has played a pronounced role. With a still large net speculative short position, prices may continue higher. A continuation of above normal temperatures will almost eventually prices lower. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 31,364 contract reduction in the net short managed money position as longs added and shorts covered. Total open interest fell (56,451) to 3.389 million as of September 03. Aggregated CME futures open interest fell (15,353) to 1.301 million as of September 06, the lowest since August 27. 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 3.0 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 1.530 bcf. Cameron is exporting 0.369 bcf. Freeport is exporting 0.260 bcf. Elba Island is exporting 0.000 bcf.

Weekly Storage: US working gas storage for the week ending August 30 indicated an injection of +84 bcf. Working gas inventories rose to 2,941 bcf. Current inventories rise 374 bcf (14.6%) above last year and fall (84) bcf (-2.8%) below the 5-year average.

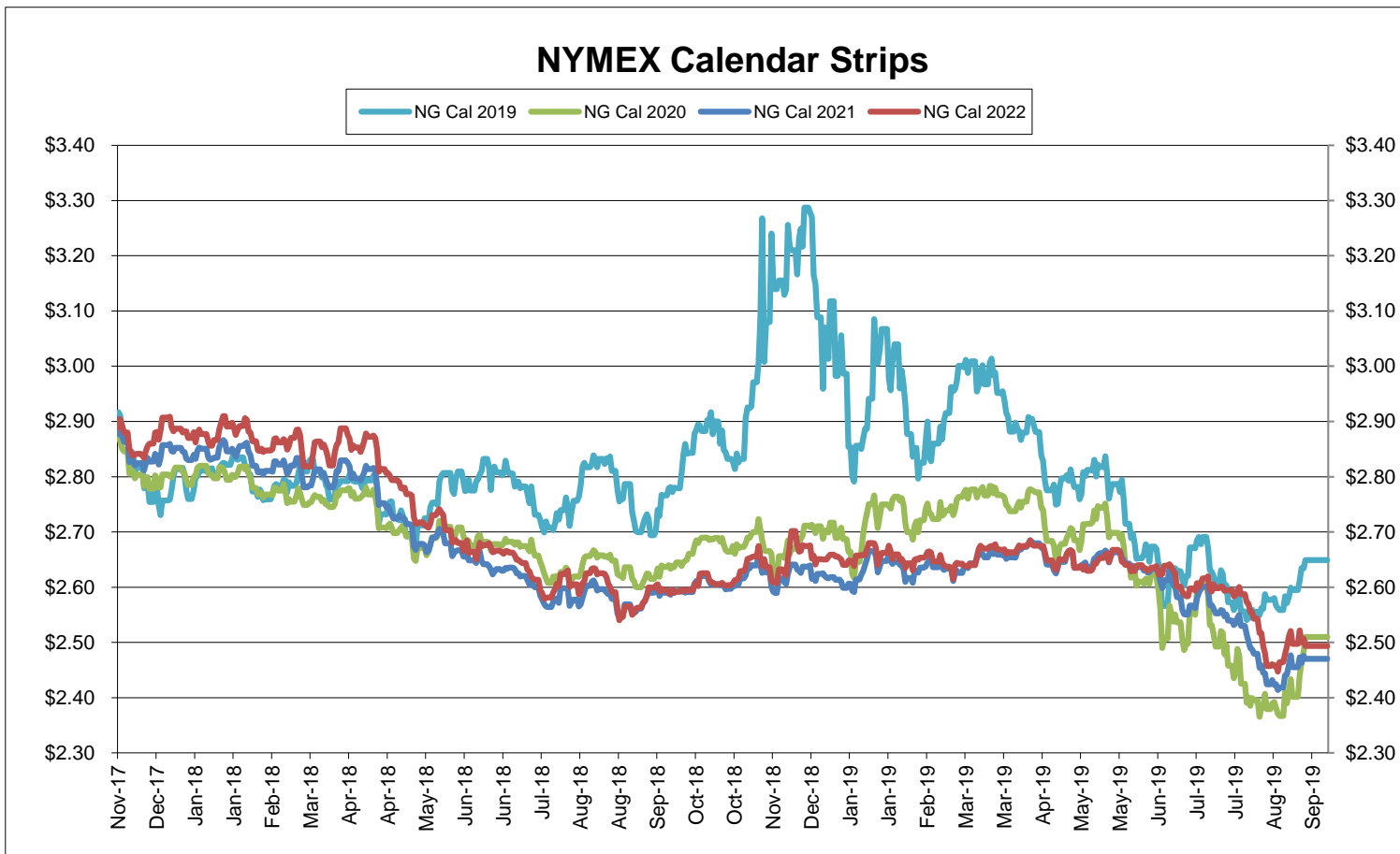
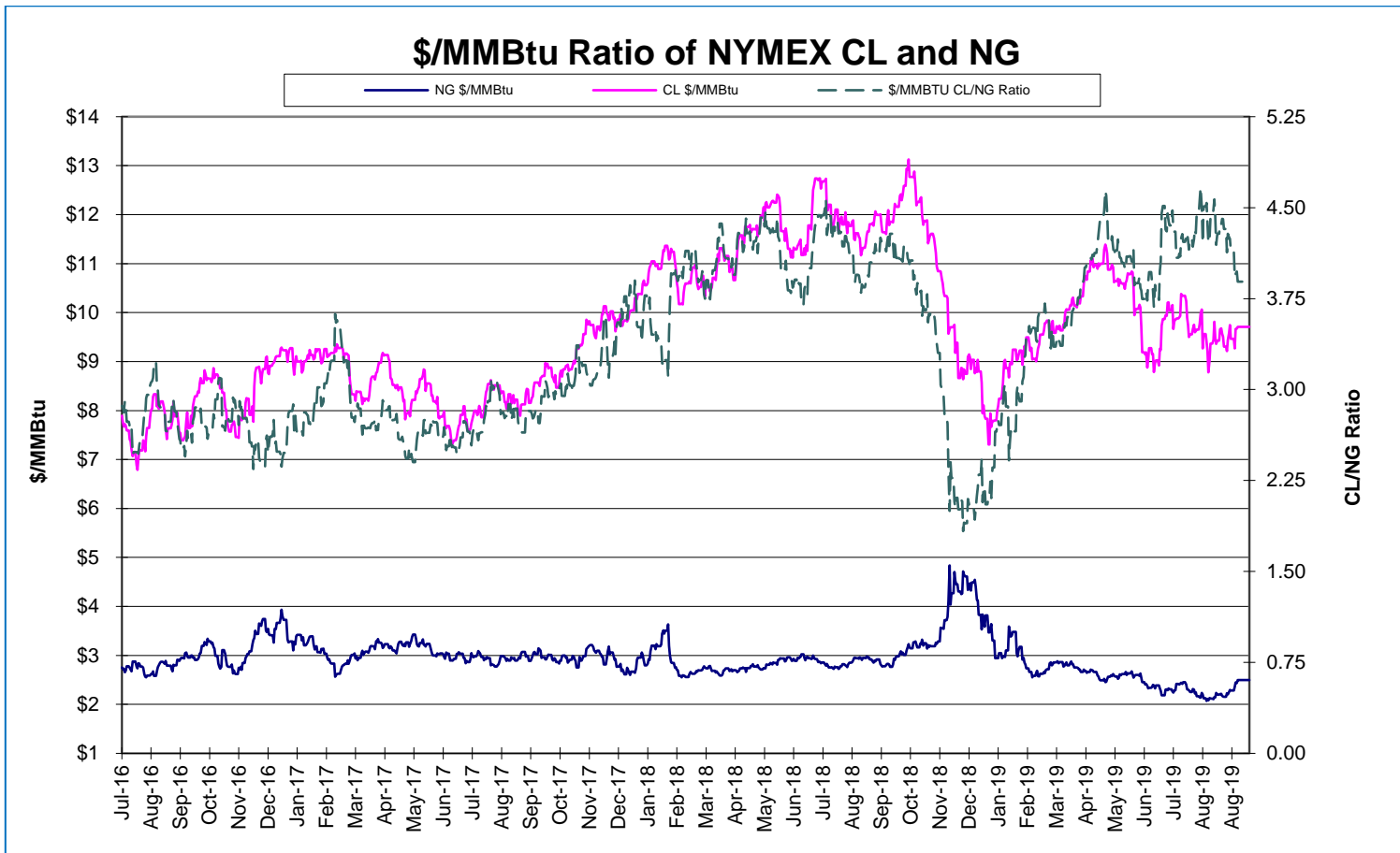
Storage Outlook: The EIA weekly implied flow was 8 bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, the EIA has reported total injections of +288 bcf compared to our +295 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

Supply Trends: Total supply fell (2.3) bcf/d to 84.2 bcf/d. US production fell. Canadian imports fell. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (6). Oil activity decreased (4). Natural gas activity decreased (2). The total US rig count now stands at 898. The Canadian rig count fell (3) to 147. Thus, the total North American rig count fell (9) to 1,045 and now trails last year by (207). The higher efficiency US horizontal rig count fell (1) to 783 and falls (135) below last year.

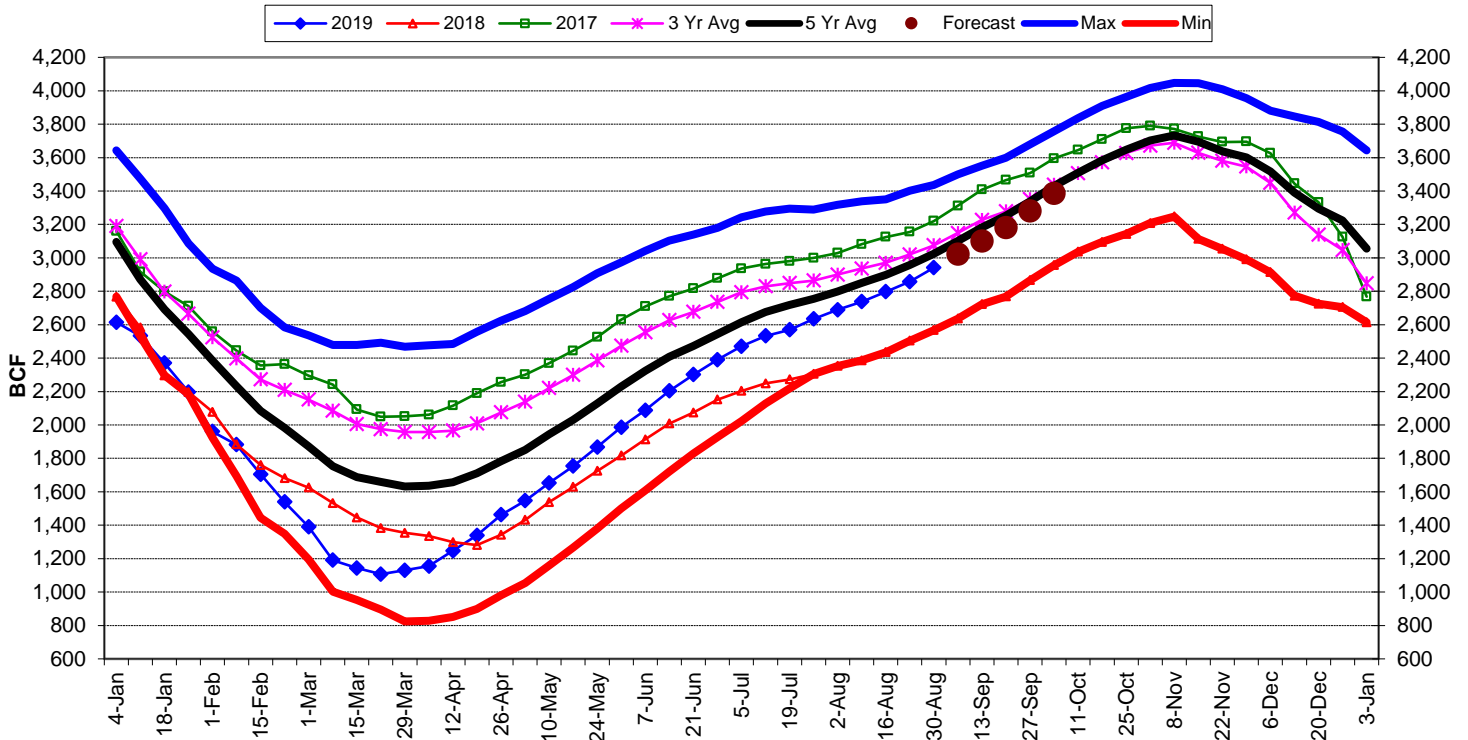
Demand Trends: Total demand fell (4.7) bcf/d to +73.5 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand rose. Electricity demand fell (7,104) gigawatt-hrs to 82,497 which trails last year by (7,359) (-8.2%) and trails the 5-year average by (1,865) (-2.2%).

Nuclear Generation: Nuclear generation fell (407) MW in the reference week to 93,849 MW. This is (621) MW lower than last year and (672) MW lower than the 5-year average. Recent output was at 92,421 MW.

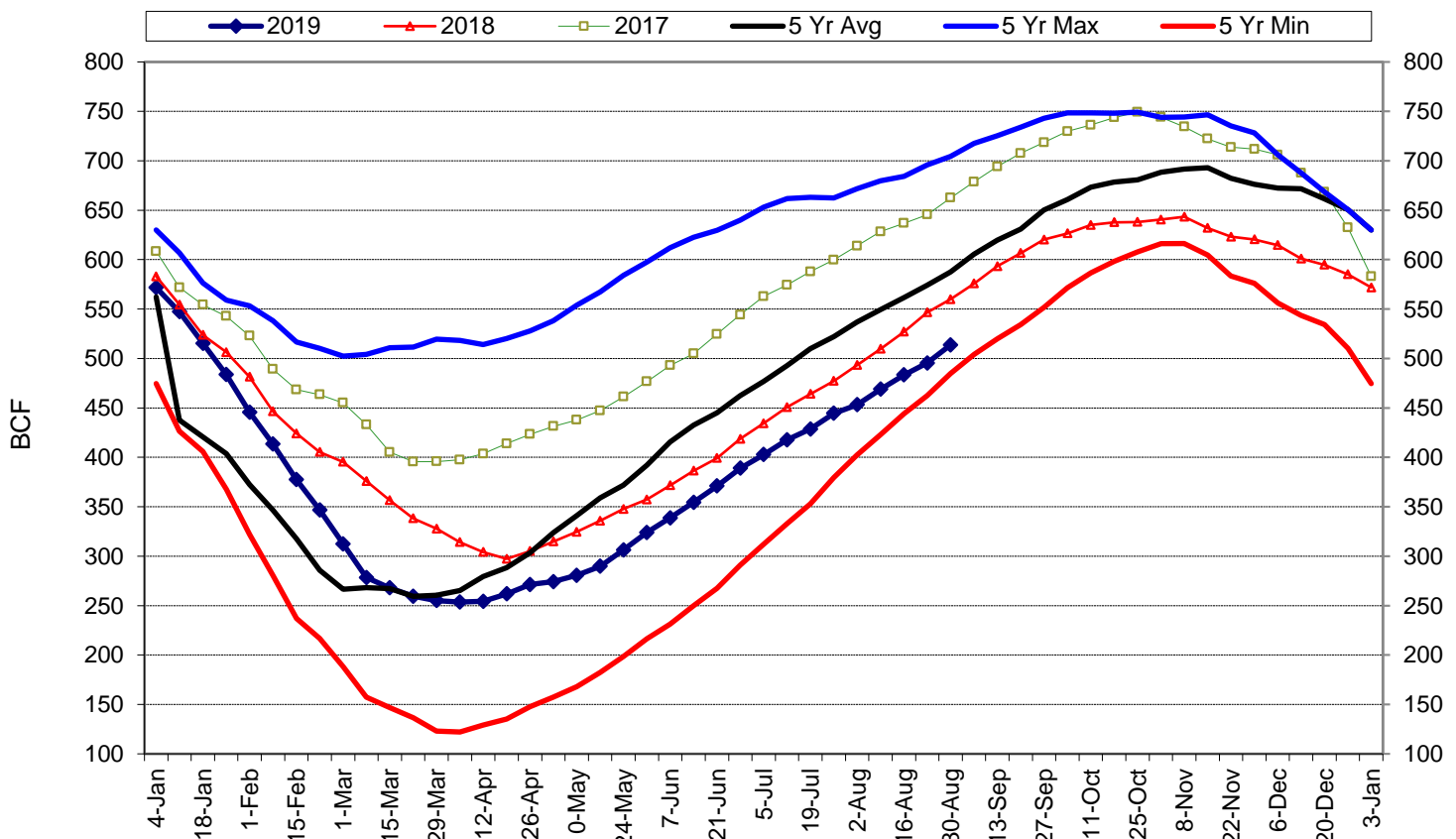
- The cooling season is coming to an end. With a forecast through September 20, the 2019 total cooling index is at 4,587 compared to 5,535 for 2018, 4,858 for 2017, 5,402 for 2016, 4,214 for 2015, 3,350 for 2014, 4,788 for 2013, 7,102 for 2012 and 6,557 for 2011.



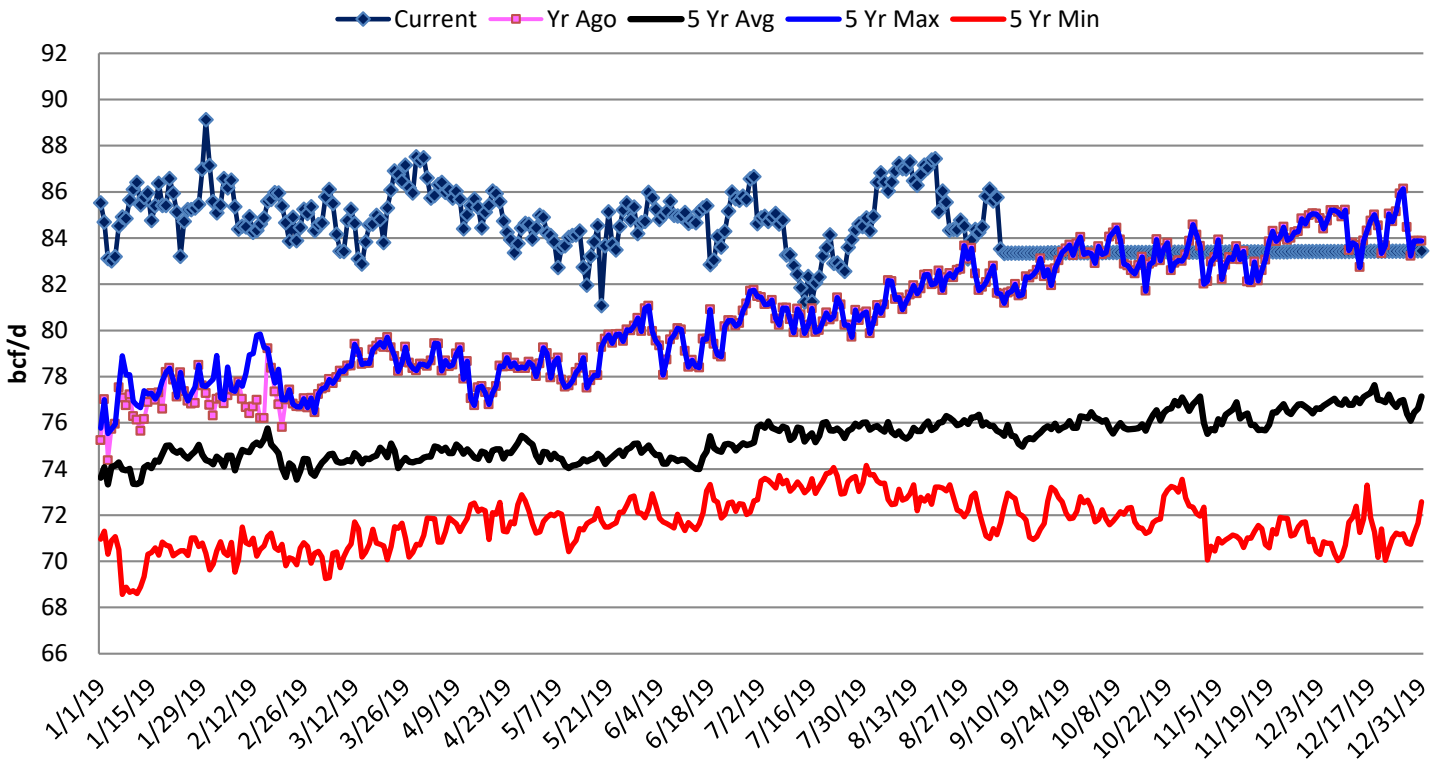
US Total Working Gas Storage - Source - EIA



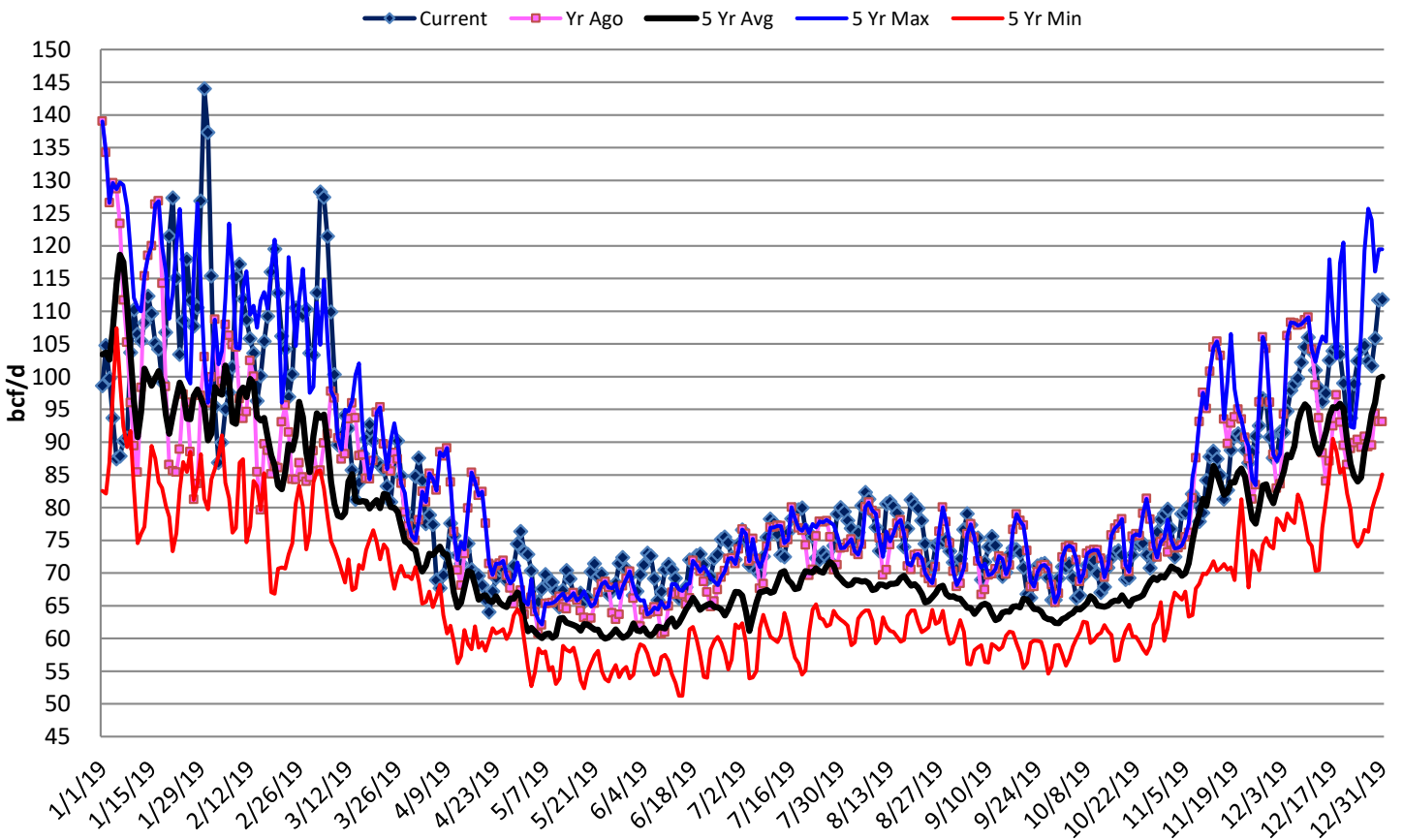
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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