

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 September 13, 2019

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

Price Action: The spot price rose 11.8 cents (4.7%) to \$2.614 on a 15.2 cent range (\$2.648/\$2.496).

Price Outlook: Prices continued to rise as weather forecasts continued to indicate well above normal cooling demand, especially in Southern locations and the EIA reported a lower than expected injection. 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 75,748 contract reduction in the net short managed money position as longs added and shorts covered. **This represents a (127,710) contract reduction from the record (219,742) net short position from August 13.** Total open interest rose 65,470 to 3.455 million as of September 10. Aggregated CME futures open interest fell (56,004) to 1.245 million as of September 13. **The current weather forecast is now warmer than 7 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 0.8 bcf. Corpus Christi is exporting 1.580 bcf. Cameron is exporting 0.470 bcf. Freeport is exporting 0.050 bcf. Elba Island is exporting 0.000 bcf.**

Weekly Storage: US working gas storage for the week ending September 6 indicated an injection of +78 bcf. Working gas inventories rose to 3,019 bcf. Current inventories rise 383 bcf (14.5%) above last year and fall (83) bcf (-2.7%) below the 5-year average.

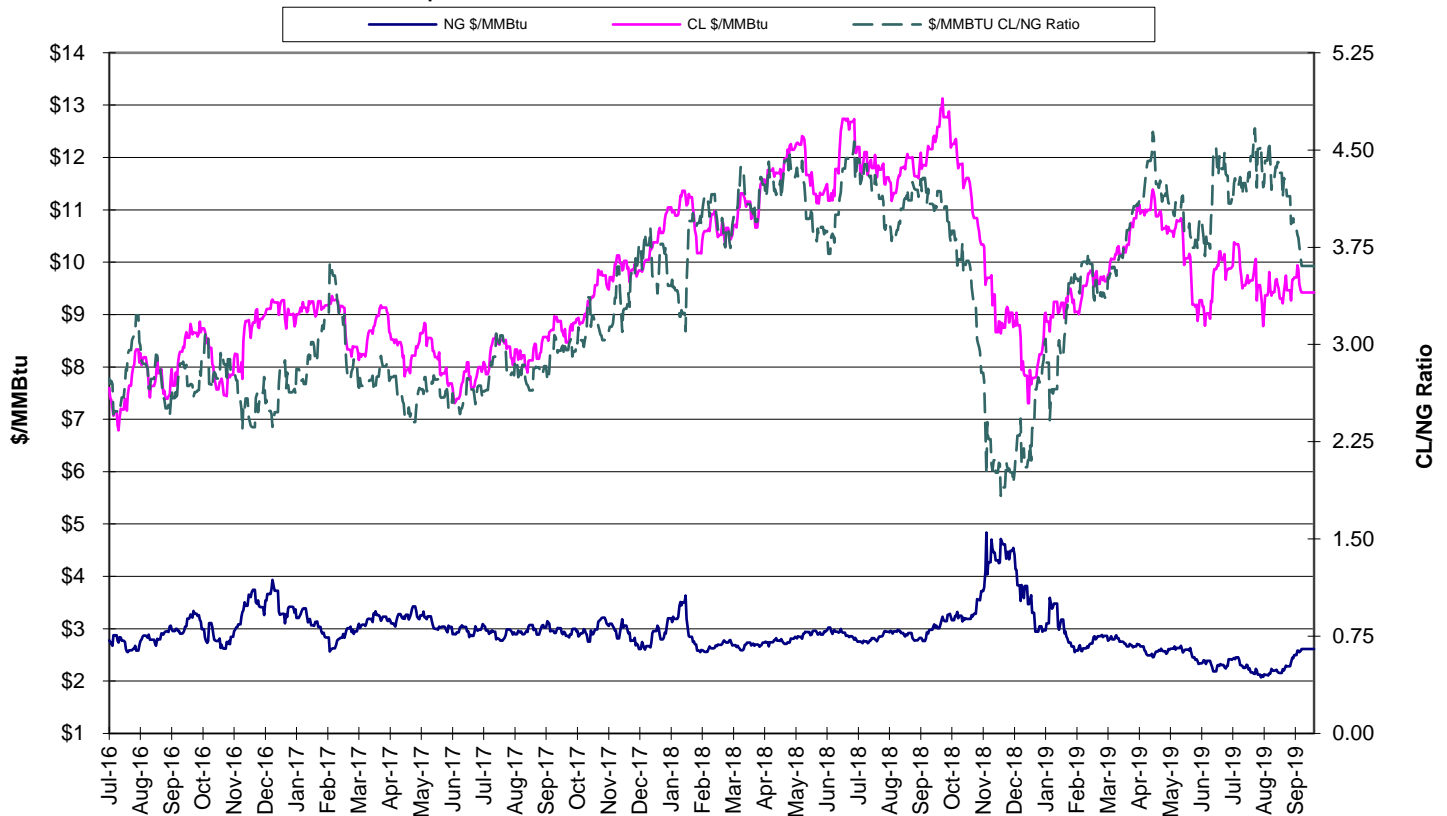
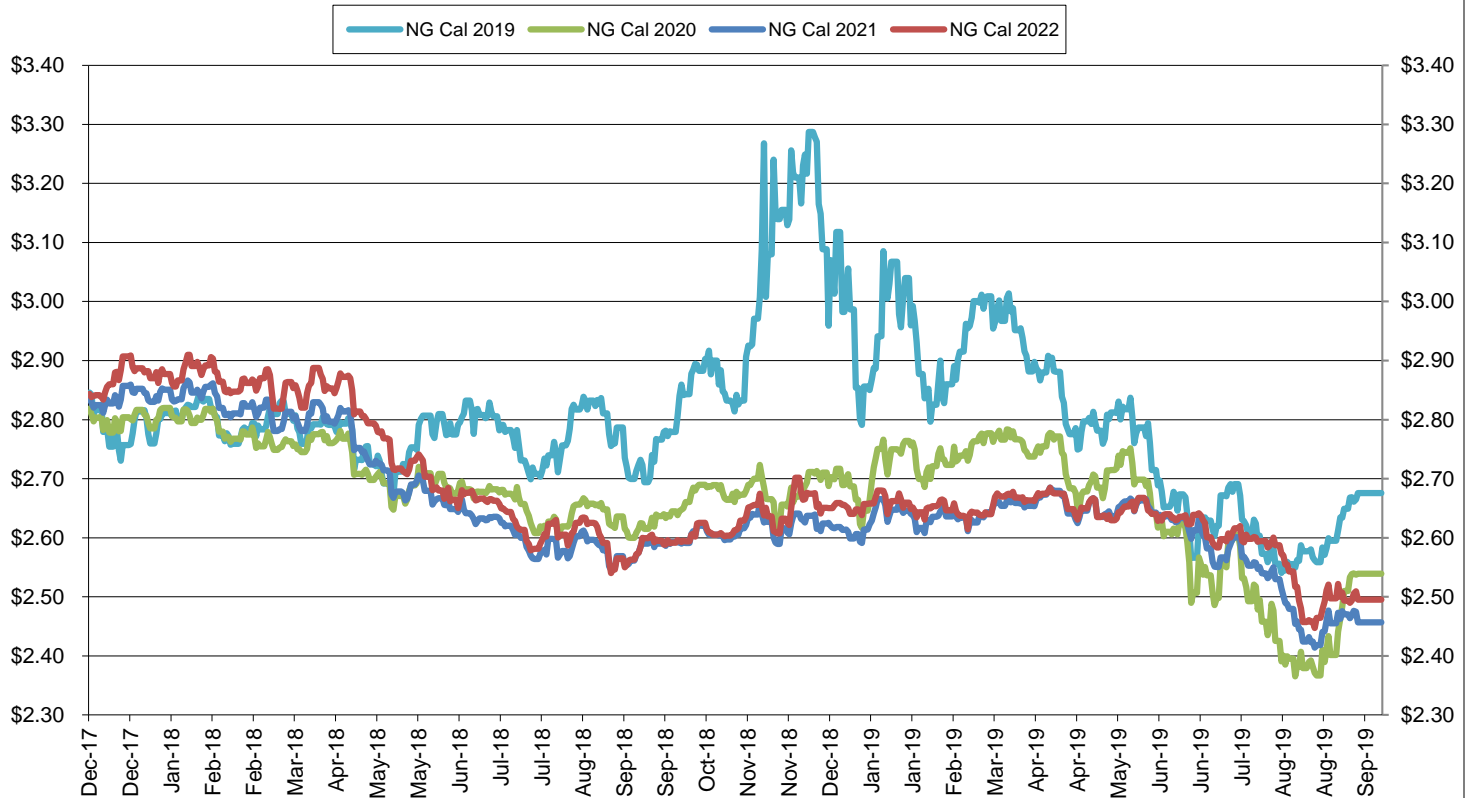
Storage Outlook: The EIA weekly implied flow was (2) bcf from our EIA storage estimate. This week's storage estimate remained within our error tolerance. Over the last five weeks, the EIA has reported total injections of +288 bcf compared to our +295 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. **Our joint publication with RBN updates storage projections daily.**

Supply Trends: Total supply rose 1.2 bcf/d to 85.3 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (12). Oil activity decreased (5). Natural gas activity decreased (7). The total US rig count now stands at 886. The Canadian rig count fell (13) to 134. Thus, the total North American rig count fell (25) to 1,020 and now trails last year by (261). **The higher efficiency US horizontal rig count fell (7) to 776 and falls (145) below last year.**

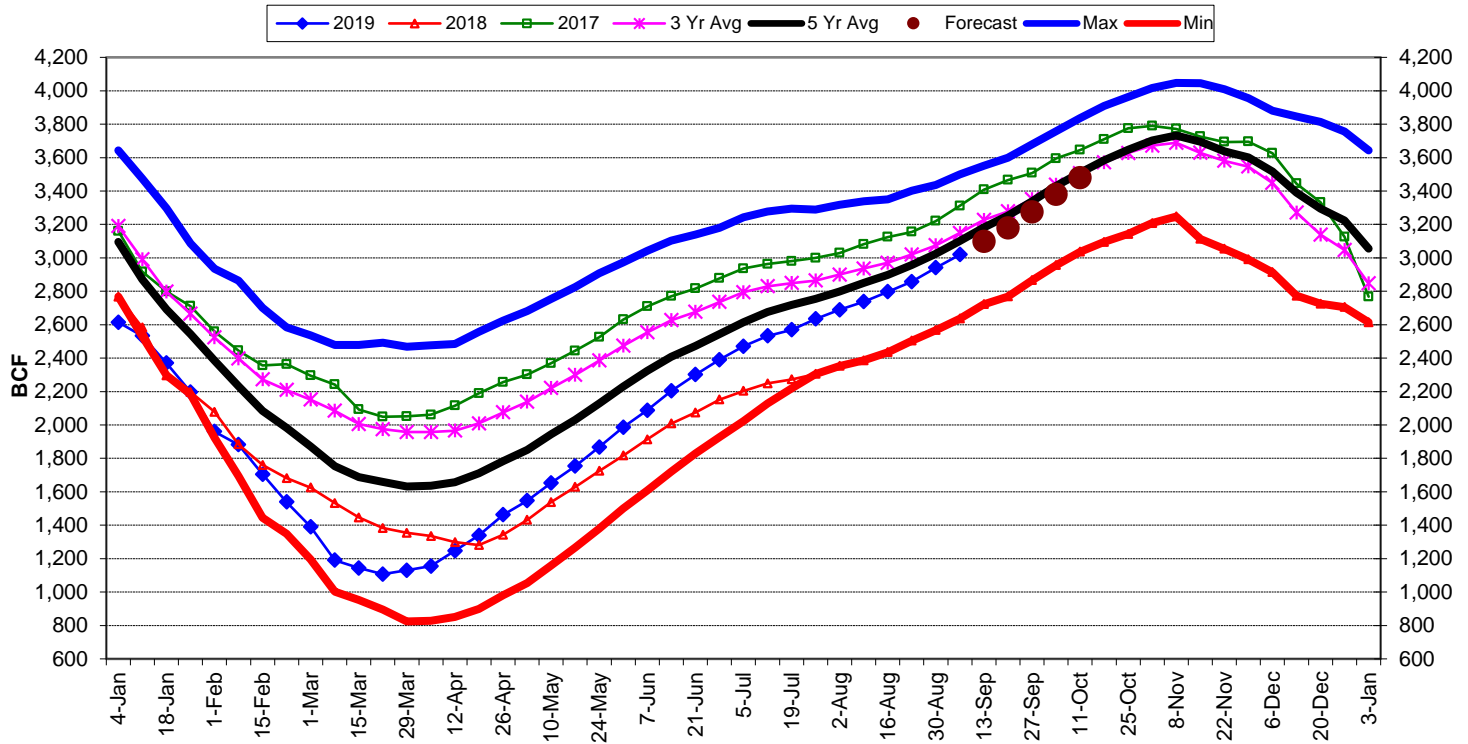
Demand Trends: Total demand rose +0.8 bcf/d to +74.4 bcf/d. Power demand rose. Industrial demand fell. Res/Comm demand fell. Electricity demand rose +1,349 gigawatt-hrs to 83,846 which trails last year by (2,870) (-3.3%) and trails the 5-year average by (194)(-0.2%).

Nuclear Generation: Nuclear generation fell (2,765)MW in the reference week to 91,084 MW. This is (1,567) MW lower than last year and (1,692) MW lower than the 5-year average. **Recent output was at 92,086 MW.**

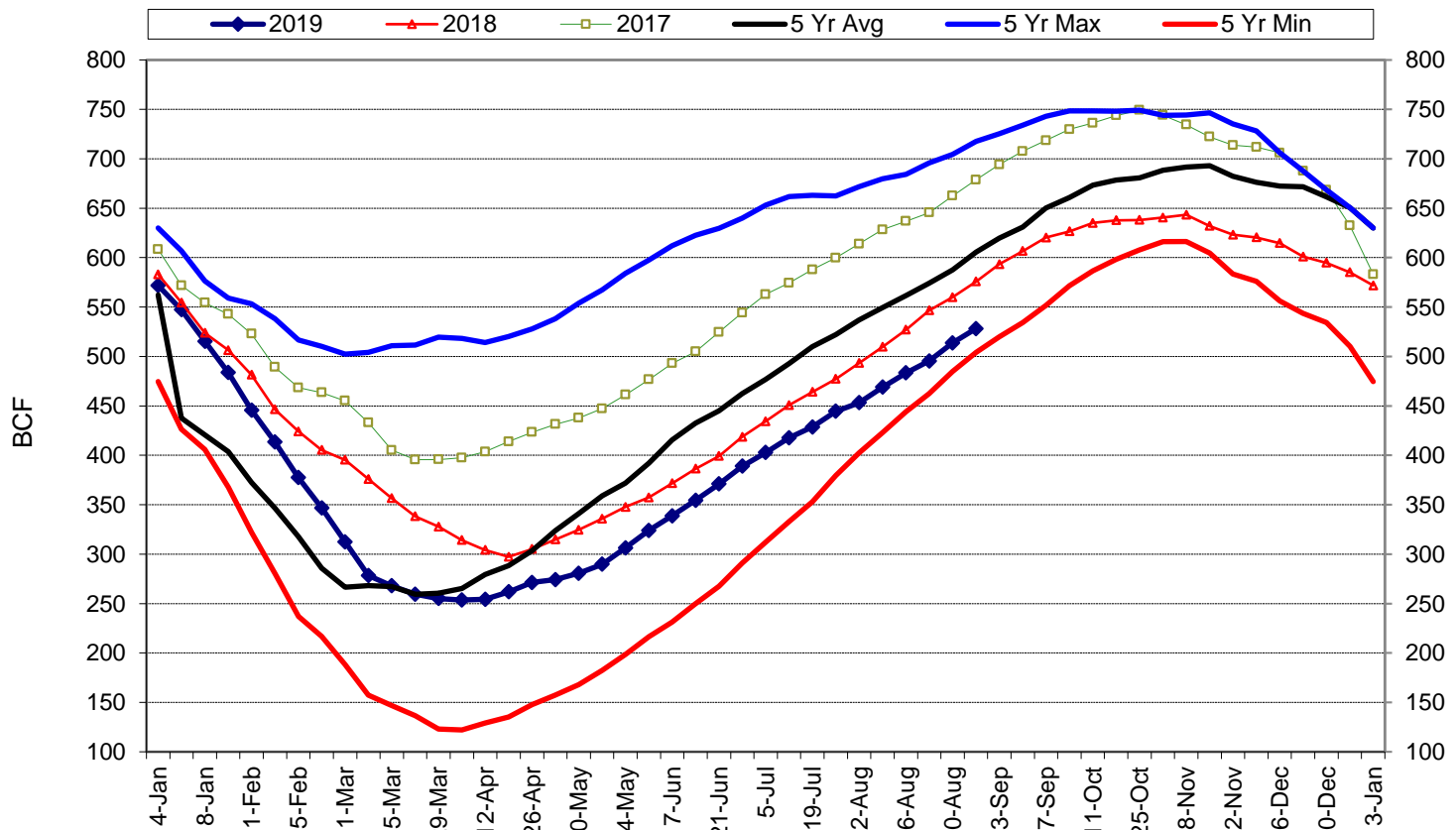
- The cooling season is coming to an end. With a forecast through September 27, the 2019 total cooling index is at 4,770 compared to 5,595 for 2018, 4,860 for 2017, 5,402 for 2016, 4,288 for 2015, 3,370 for 2014, 4,804 for 2013, 7,146 for 2012 and 6,662 for 2011.

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

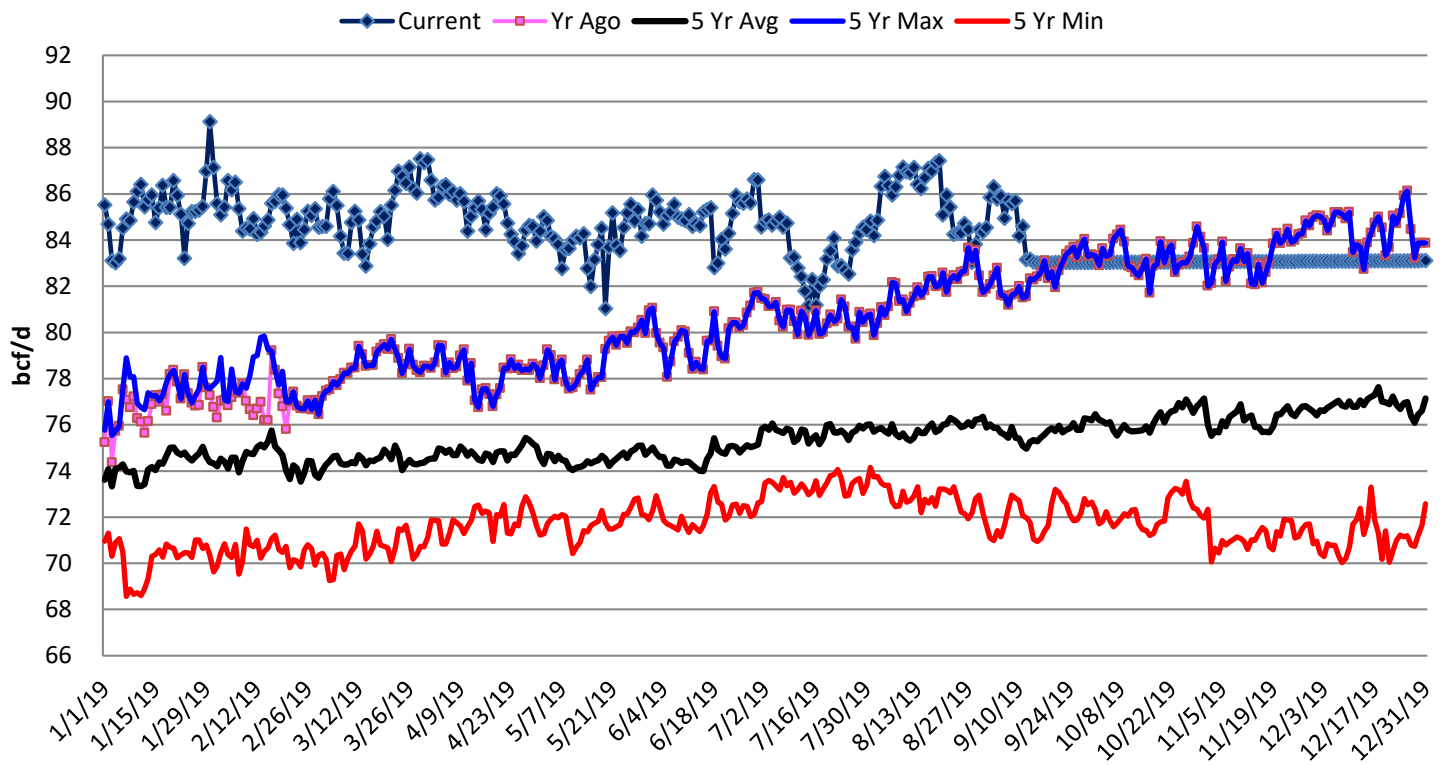
US Total Working Gas Storage - Source - EIA



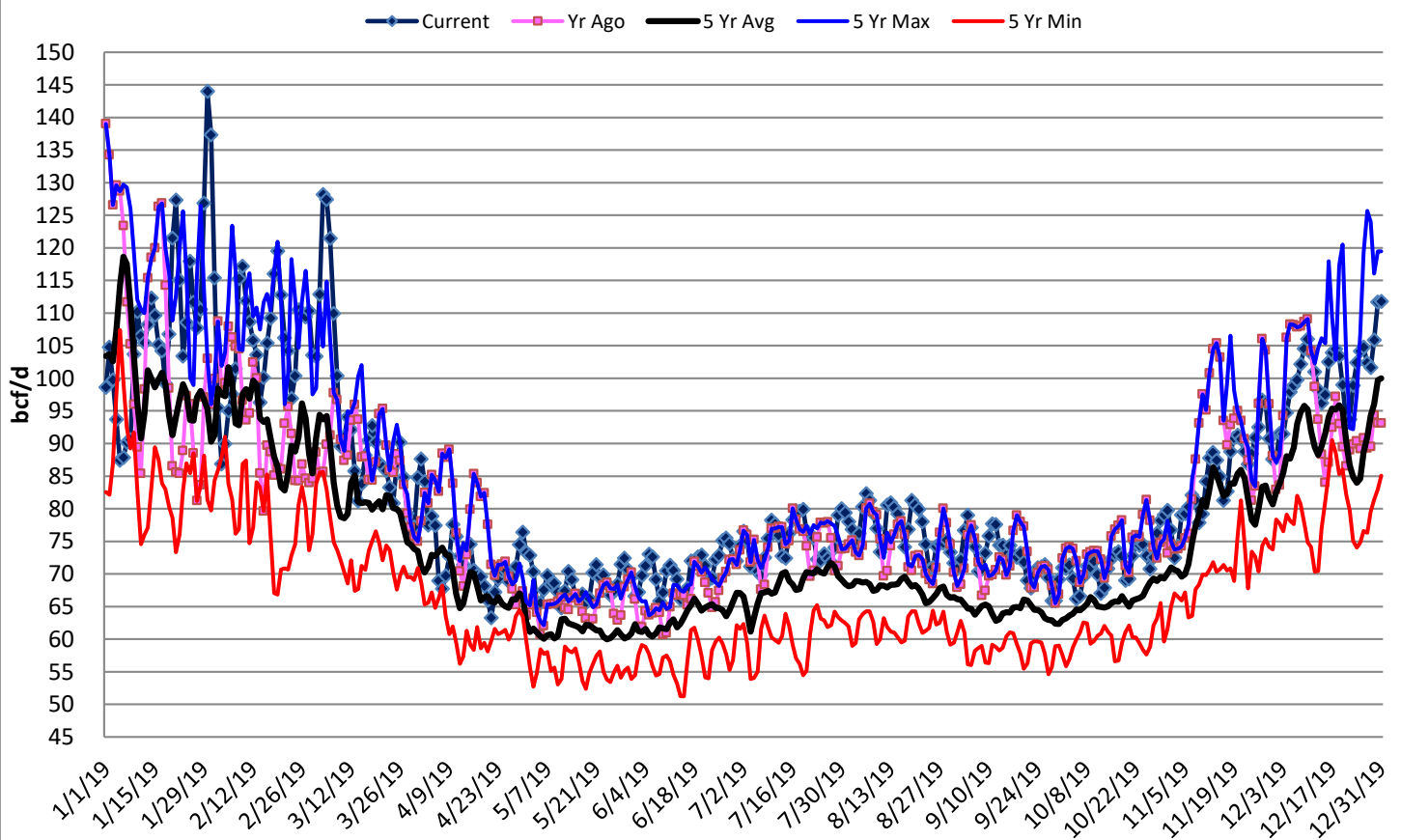
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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