

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 October 4, 2019

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

Price Action: The spot price fell 5.2 cents (2.2%) to \$2.352 on a 19.1 cent range (\$2.398/\$2.207).

Price Outlook: Prices ended the week lower as weather forecasts turned neutral while the EIA again reported an extremely larger injection that matched the record injection for the end of September. The injection continued to expand the yearly storage surplus and reduce the deficit to the 5-year average. After 4 consecutive weeks on new weekly highs, prices have now posted new lows for 2 consecutive weeks. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a (18,952) contract increase in the net short managed money position as longs liquidated and shorts covered. The latest position represents a (140,436) contract reduction from the record (219,742) net short position from August 13. Total open interest fell (155,297) to 3.295 million as of October 01. Aggregated CME futures open interest rose 85,324 to 1.231 million as of October 04. This is the highest CME OI since September 16. The current weather forecast is now cooler than 7 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 0.0 bcf. Corpus Christi is exporting 1.580 bcf. Cameron is exporting 0.532 bcf. Freeport is exporting 0.195 bcf. Elba Island is exporting 0.033 bcf.

Weekly Storage: US working gas storage for the week ending September 27 indicated an injection of +112 bcf. Working gas inventories rose to 3,317 bcf. Current inventories rise 451 bcf (15.7%) above last year and fall (21) bcf (-0.6%) below the 5-year average.

Storage Outlook: The EIA weekly implied flow was 1 bcf from our EIA storage estimate. This week's storage estimate was back within our tolerance. Over the last five weeks, the EIA has reported total injections of +460 bcf compared to our +437 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.

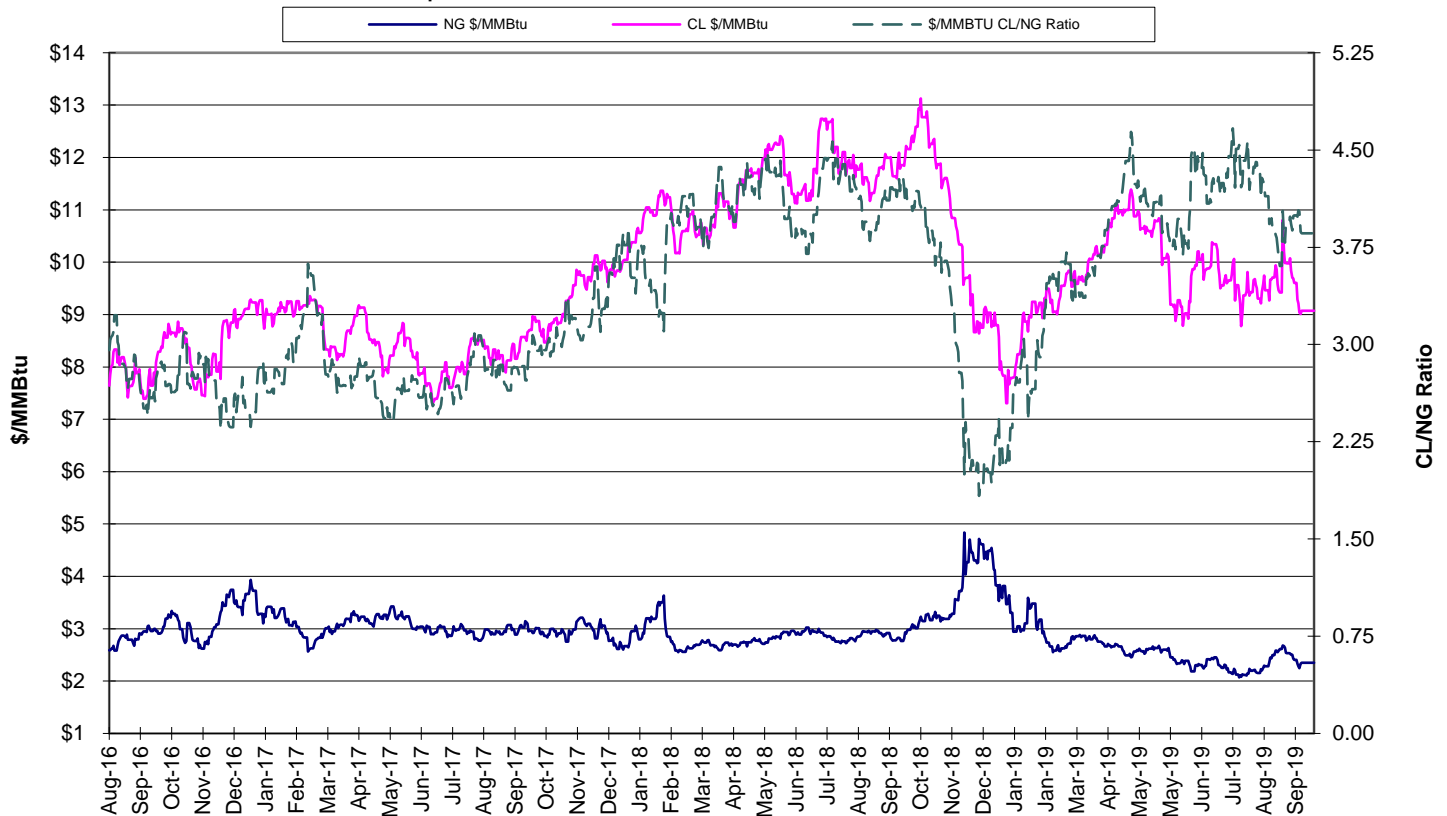
Supply Trends: Total supply rose 0.3 bcf/d to 85.3 bcf/d. US production rose. Canadian imports fell. LNG imports fell. LNG exports fell. Mexican exports rose. The US Baker Hughes rig count fell (5). Oil activity decreased (3). Natural gas activity decreased (2). The total US rig count now stands at 855. The Canadian rig count rose +17 to 144. Thus, the total North American rig count rose +12 to 999 and now trails last year by (235). The higher efficiency US horizontal rig count fell (3) to 749 and falls (170) below last year.

Demand Trends: Total demand fell (1.8) bcf/d to +69.0 bcf/d. Power demand fell. Industrial demand fell. Res/Comm demand fell. Electricity demand fell (1,421) gigawatt-hrs to 79,349 which exceeds last year by +4,098 (5.4%) and exceeds the 5-year average by 4,265 (5.7%).

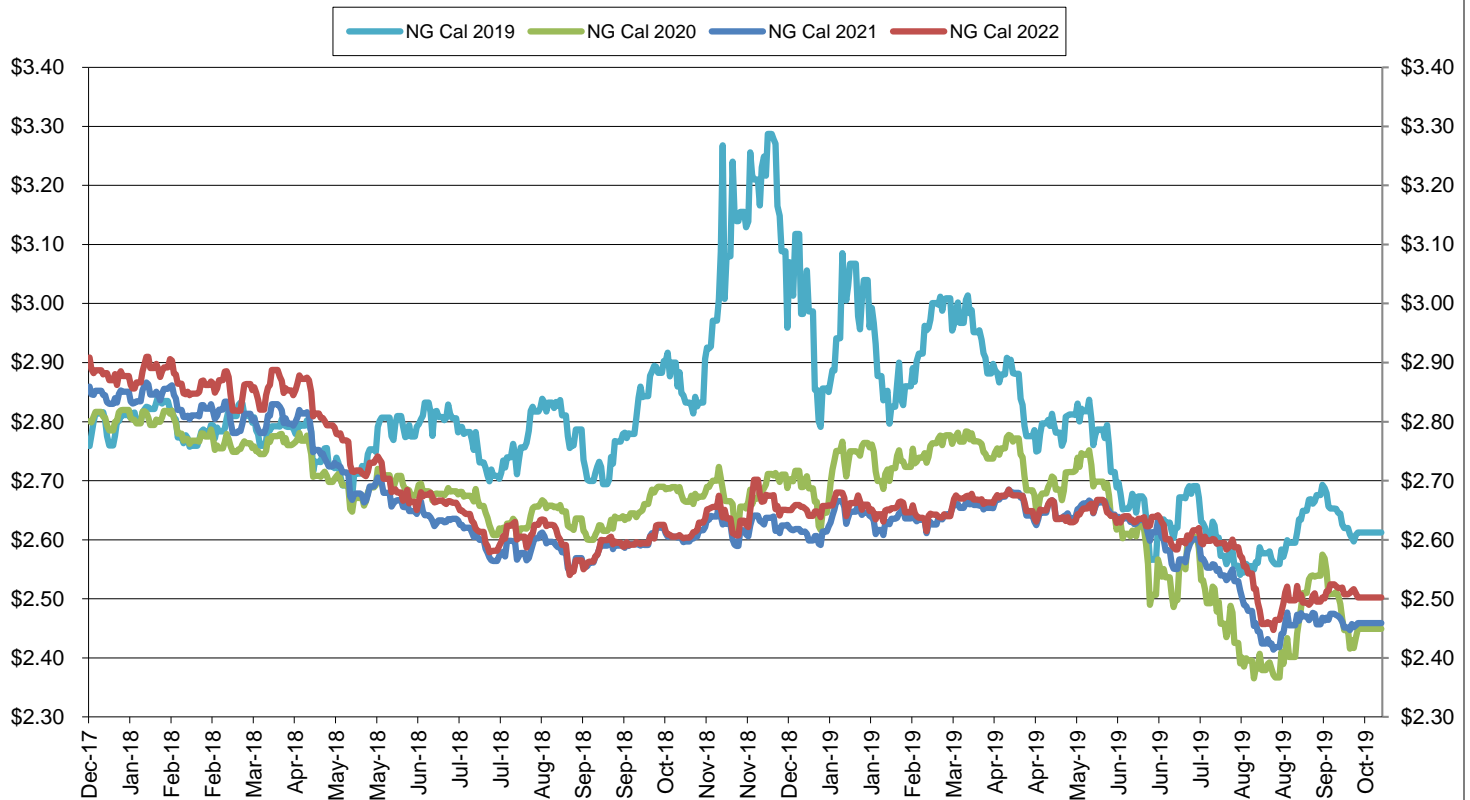
Nuclear Generation: Nuclear generation fell (3,803) MW in the reference week to 86,142 MW. This is +2,923 MW higher than last year and (1,593) MW lower than the 5-year average. Recent output was at 85,490 MW.

- The heating season beginning is beginning. With a forecast through October 18, the 2020 total heating index is at (22) compared to (48) for 2019, (34) for 2018, (17) for 2017, (19) for 2016, (15) for 2015, (11) for 2014, (48) for 2013 and (9) for 2012.

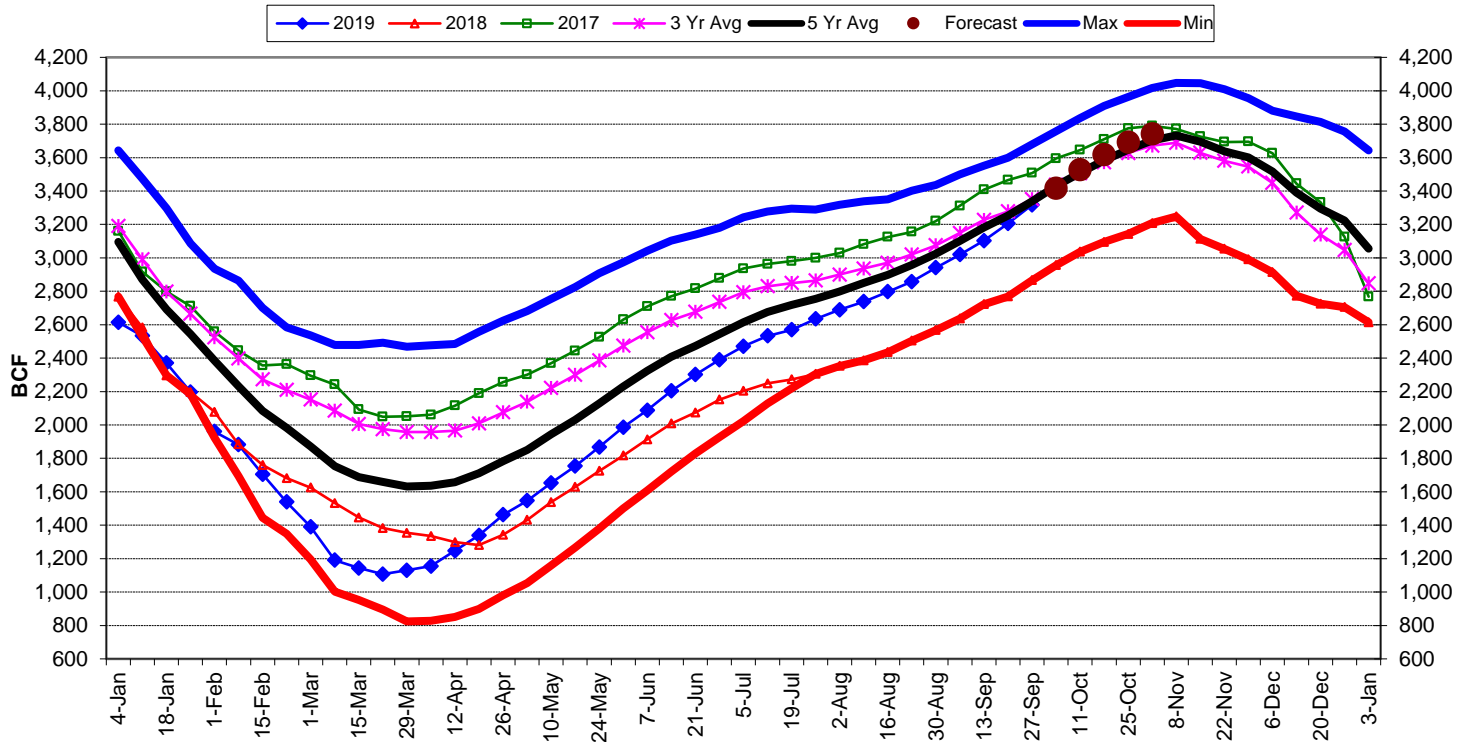
\$/MMBtu Ratio of NYMEX CL and NG



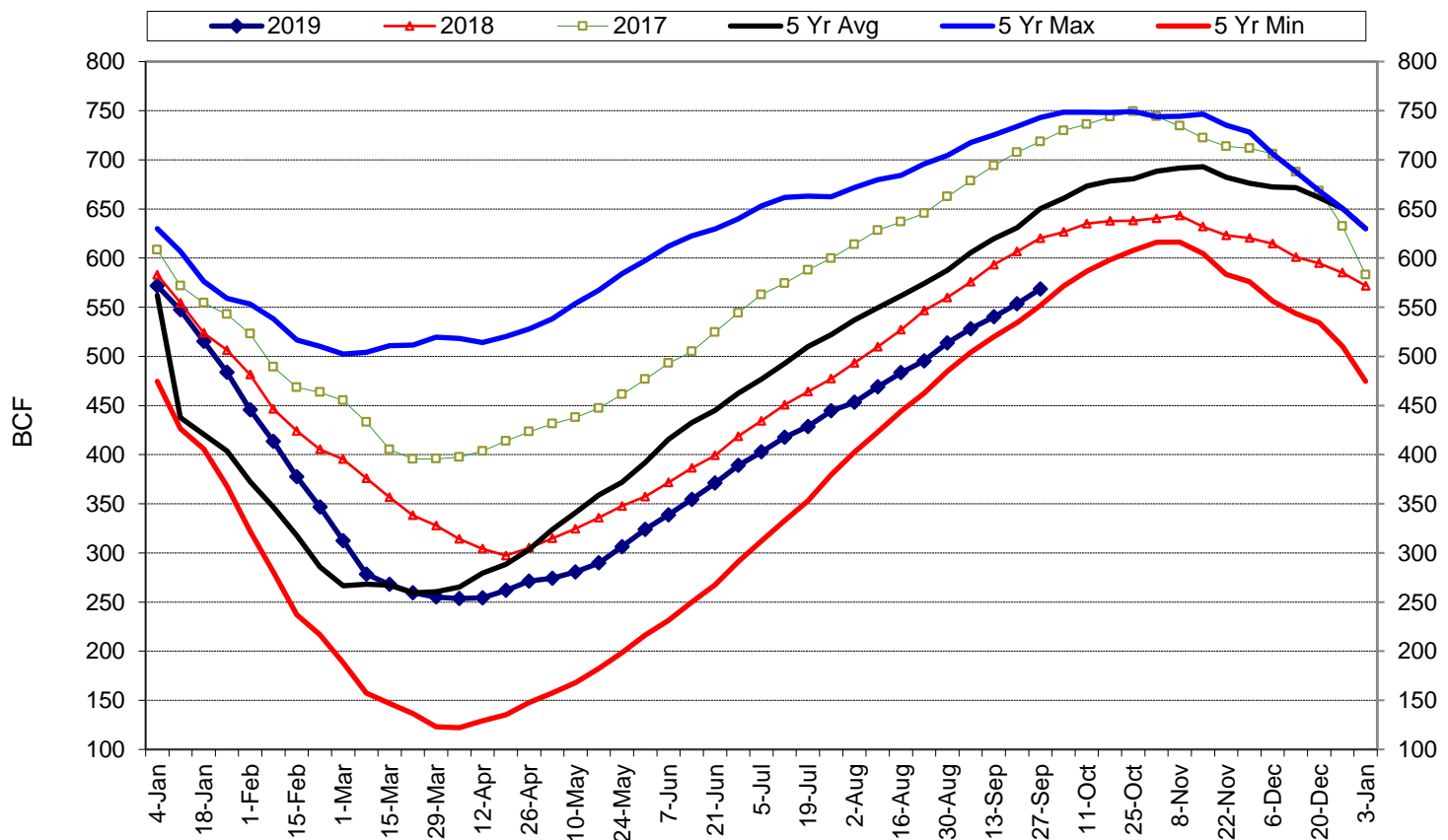
NYMEX Calendar Strips



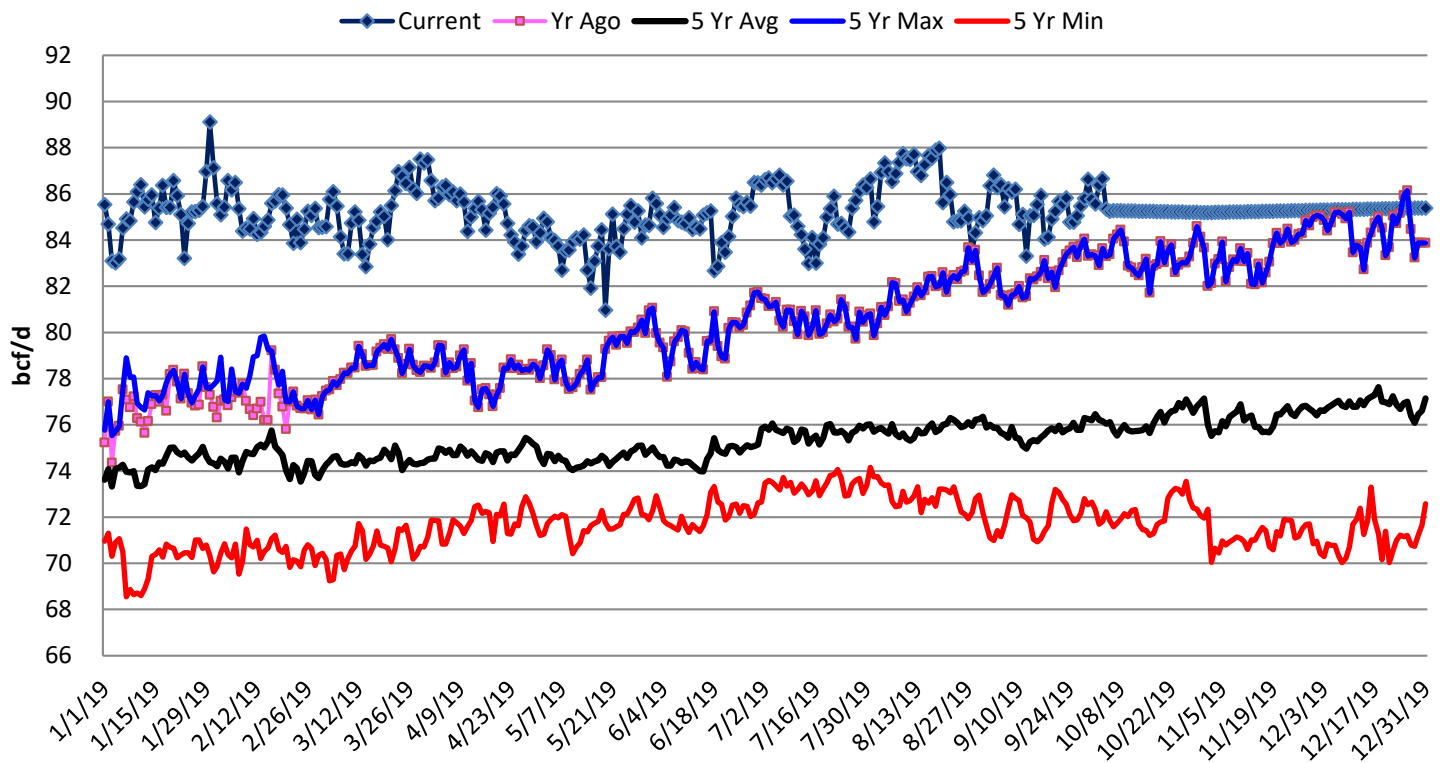
US Total Working Gas Storage - Source - EIA



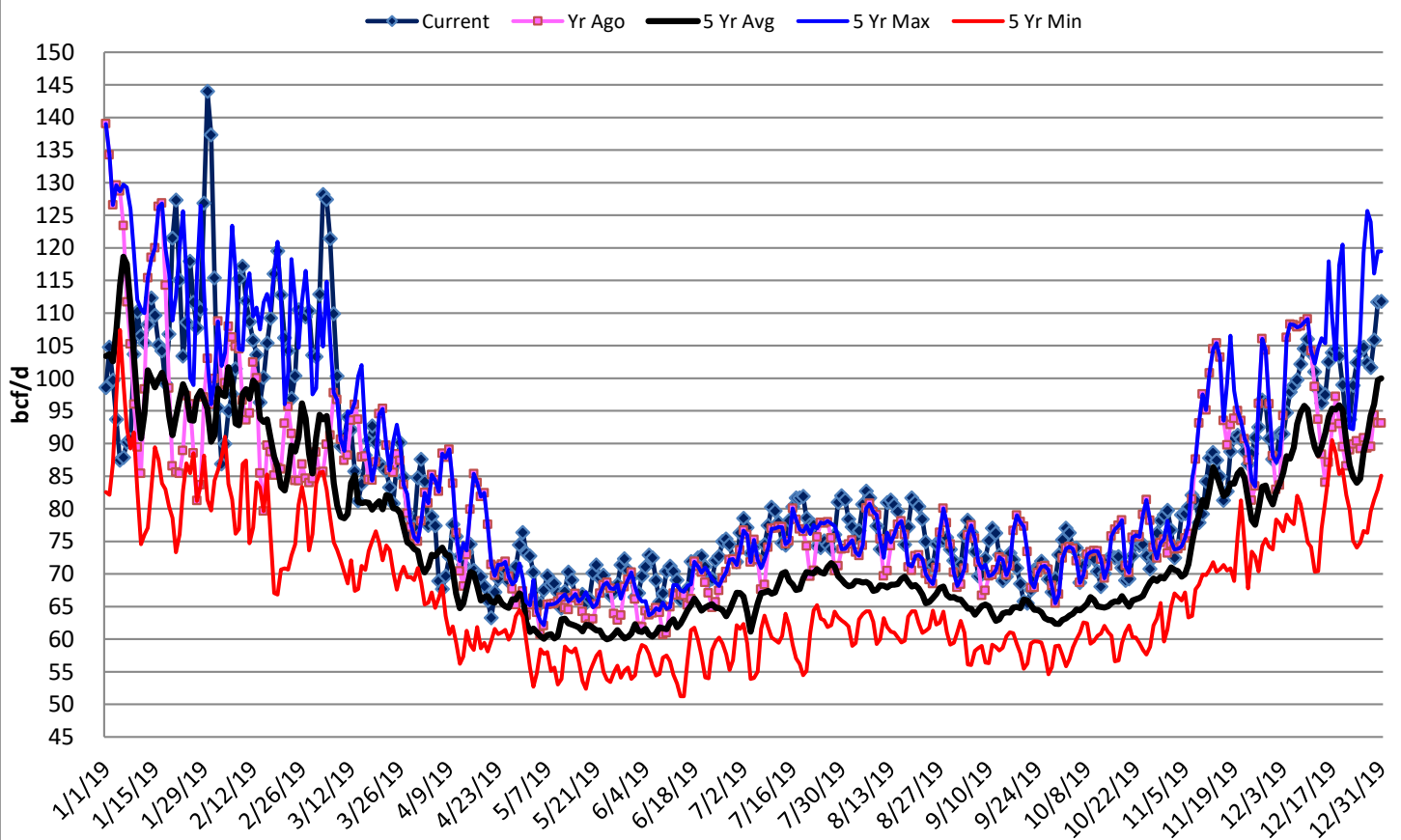
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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