

Join Kyle Cooper at 3:00 pm EST every Wednesday for his "Cooper on Oil & Gas" Live Chat on [www.enelyst.com](http://www.enelyst.com)

Kyle Cooper, (713) 248-3009, [Kyle.Cooper@iafadvisors.com](mailto:Kyle.Cooper@iafadvisors.com)

***Week Ending October 11, 2019***

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

**Price Action:** The spot price fell 13.8 cents (5.9%) to \$2.2.214 on a 15.5 cent range (\$2.342/\$2.187).

**Price Outlook:** Prices again ended the week lower as the EIA again reported an extremely large injection that increased the yearly storage surplus and reduced the deficit to the 5-year average. With another large injection projected for next week, the deficit to the 5-year average is expected to turn to a surplus. This will be the first surplus to the 5-year average since September 22, 2017. After 4 consecutive weeks with new weekly highs, prices have now posted new lows for 3 consecutive weeks. **For daily updated storage projections, subscribe to our joint publication with RBN Energy.** CFTC data indicated a (45,778) contract increase in the net short managed money position as longs liquidated and shorts added. The latest position represents a (94,658) contract reduction from the record (219,742) net short position from August 13. Total open interest rose 105,526 to 3.400 million as of October 08. Aggregated CME futures open interest rose 58,049 to 1.289 million as of October 11. The October 10 level was the highest CME OI since September 6. CME OI has risen 166,354 over the last 12 sessions. **The current weather forecast is now warmer than 4 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 4.0 bcf. Cove Point is net exporting 0.0 bcf. Corpus Christi is exporting 1.559 bcf. Cameron is exporting 0.558 bcf. Freeport is exporting 0.363 bcf. Elba Island is exporting 0.033 bcf.**

**Weekly Storage:** US working gas storage for the week ending October 4 indicated an injection of +98 bcf. Working gas inventories rose to 3,415 bcf. Current inventories rise 459 bcf (15.5%) above last year and fall (15) bcf (-0.4%) 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 +474 bcf compared to our +460 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.**

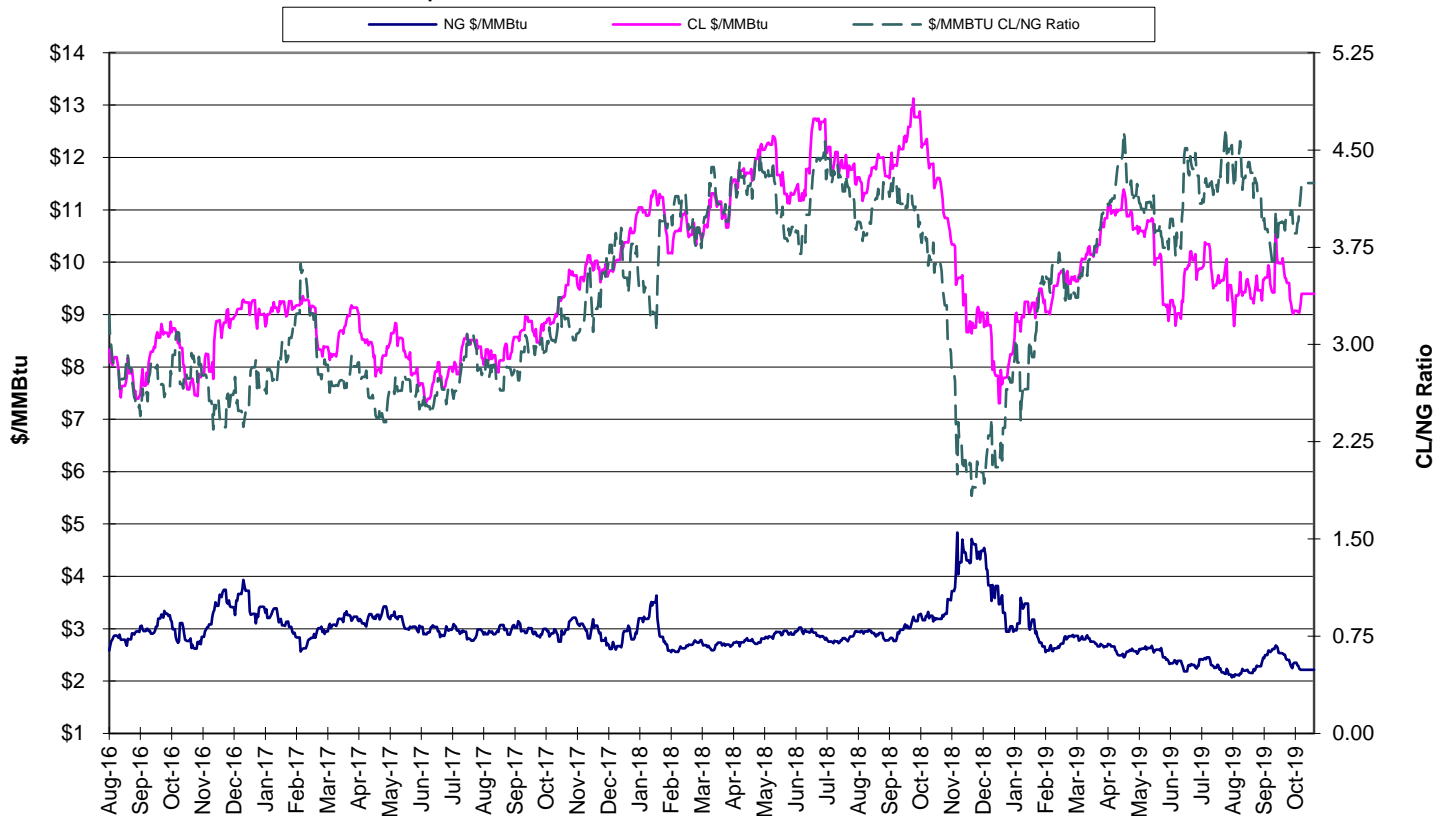
**Supply Trends:** Total supply rose 0.8 bcf/d to 86.1 bcf/d. US production rose. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports rose. The US Baker Hughes rig count rose +1. Oil activity increased +2. Natural gas activity decreased (1). The total US rig count now stands at 856. The Canadian rig count rose +2 to 146. Thus, the total North American rig count rose +3 to 1,002 and now trails last year by (256). **The higher efficiency US horizontal rig count rose +1 to 750 and falls (177) below last year.**

**Demand Trends:** Total demand rose +2.7 bcf/d to +72.0 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +754 gigawatt-hrs to 80,103 which exceeds last year by +1,725 (2.2%) and exceeds the 5-year average by 5,648 (7.6%).

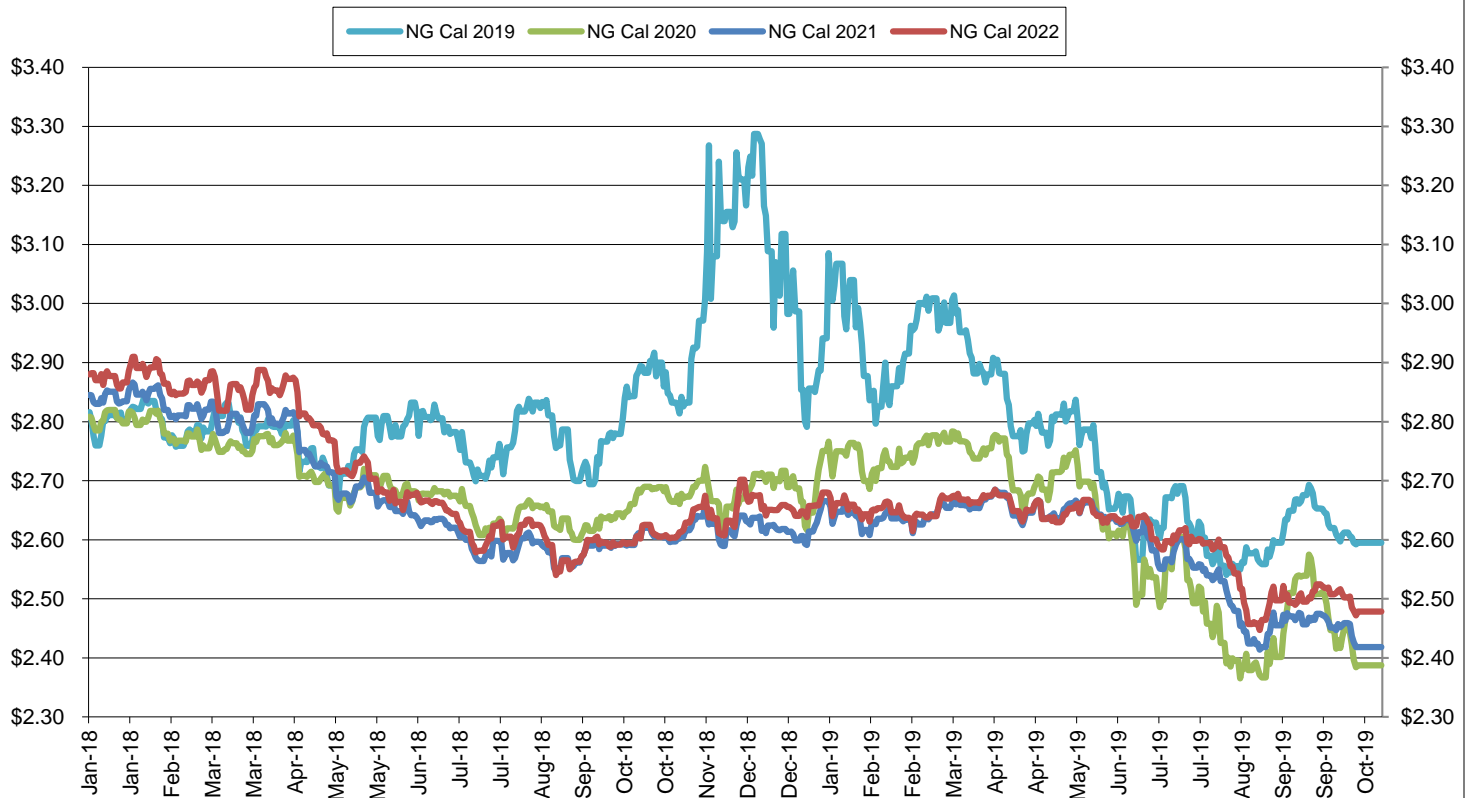
**Nuclear Generation:** Nuclear generation fell (2,643) MW in the reference week to 81,656 MW. This is +3,897 MW higher than last year and +68 MW higher than the 5-year average. **Recent output was at 81,014 MW.**

- The heating season beginning is beginning. With a forecast through October 25, the 2020 total heating index is at (48) compared to (80) for 2019, (39) for 2018, (21) for 2017, (27) for 2016, (22) for 2015, (60) for 2014, (49) for 2013 and (25) for 2012.

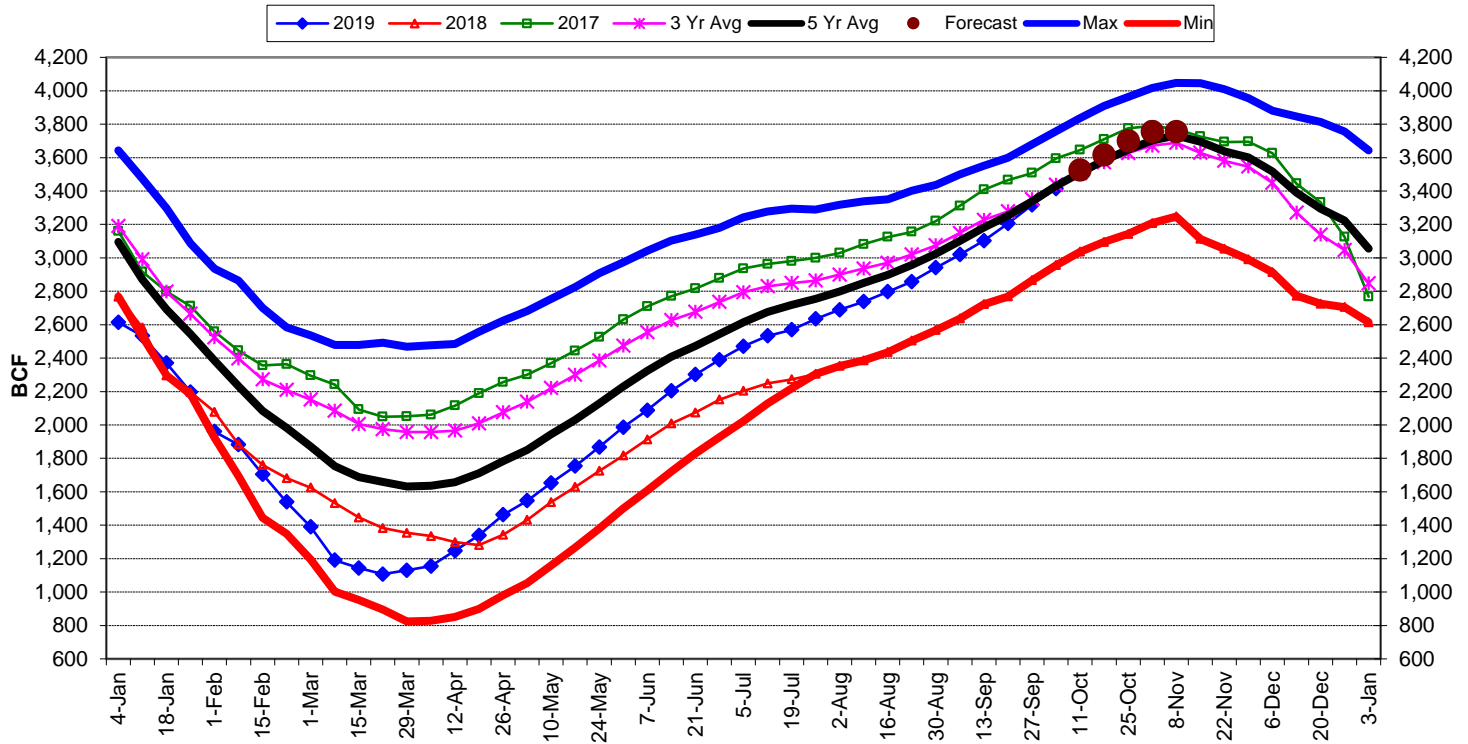
### \$/MMBtu Ratio of NYMEX CL and NG



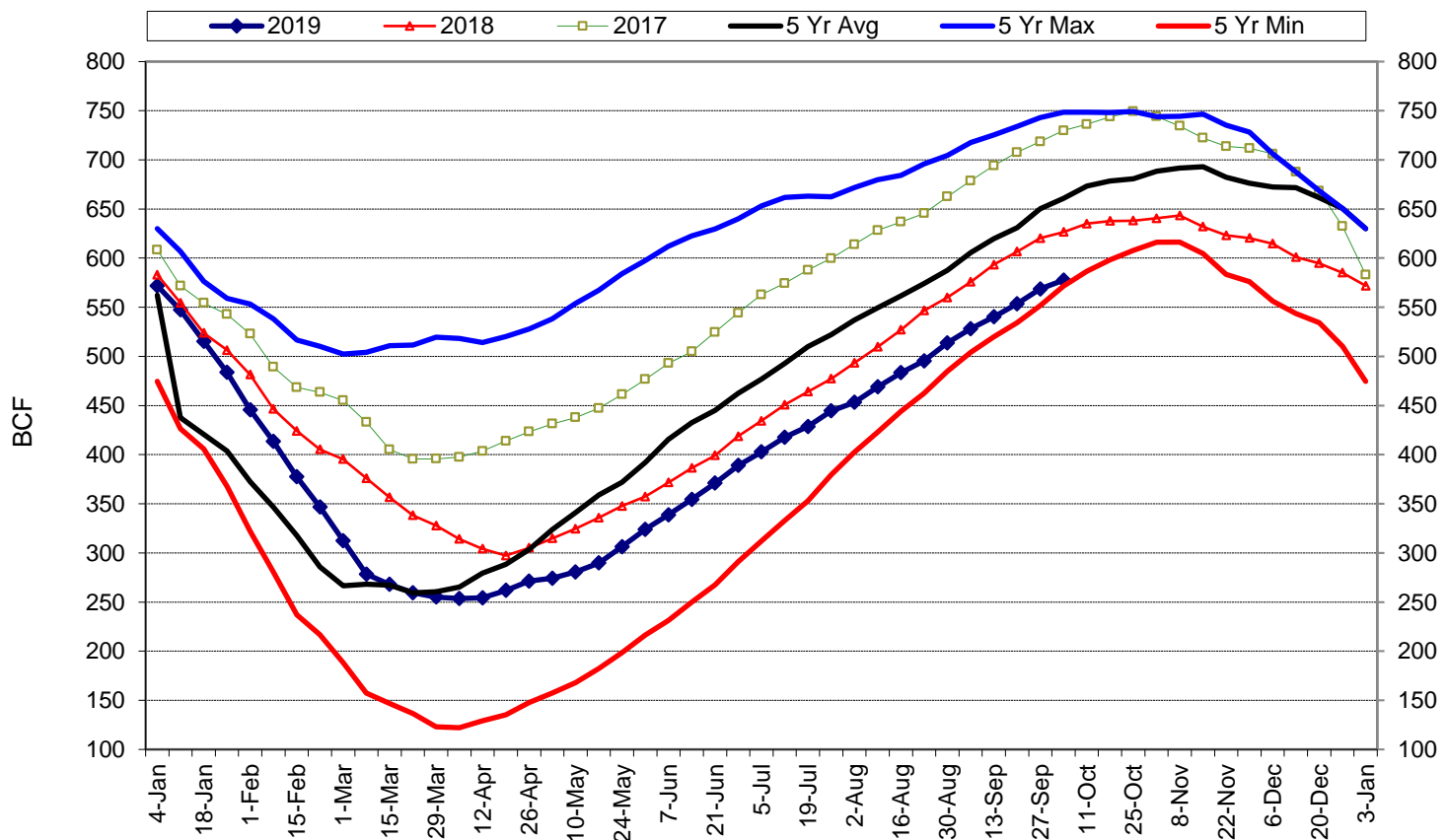
### NYMEX Calendar Strips



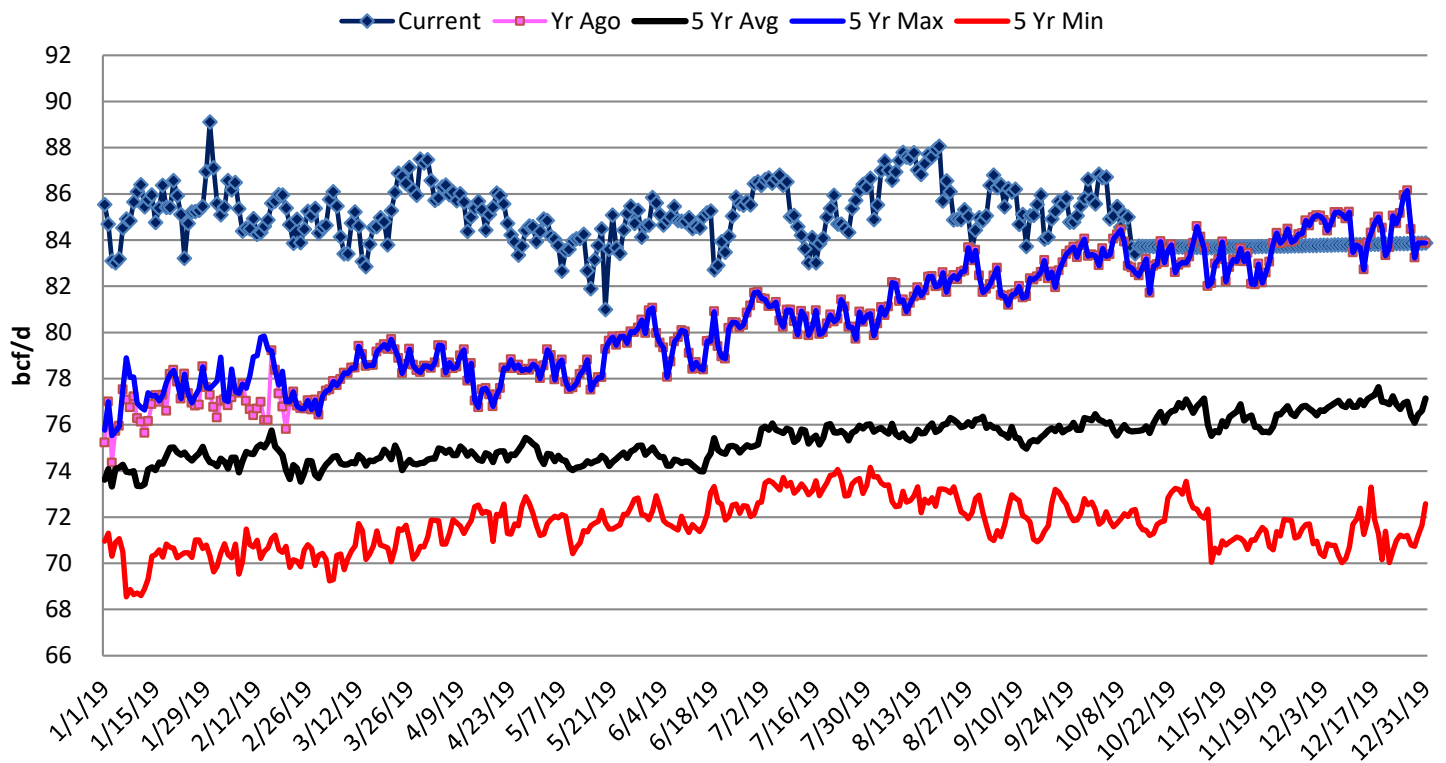
### US Total Working Gas Storage - Source - EIA



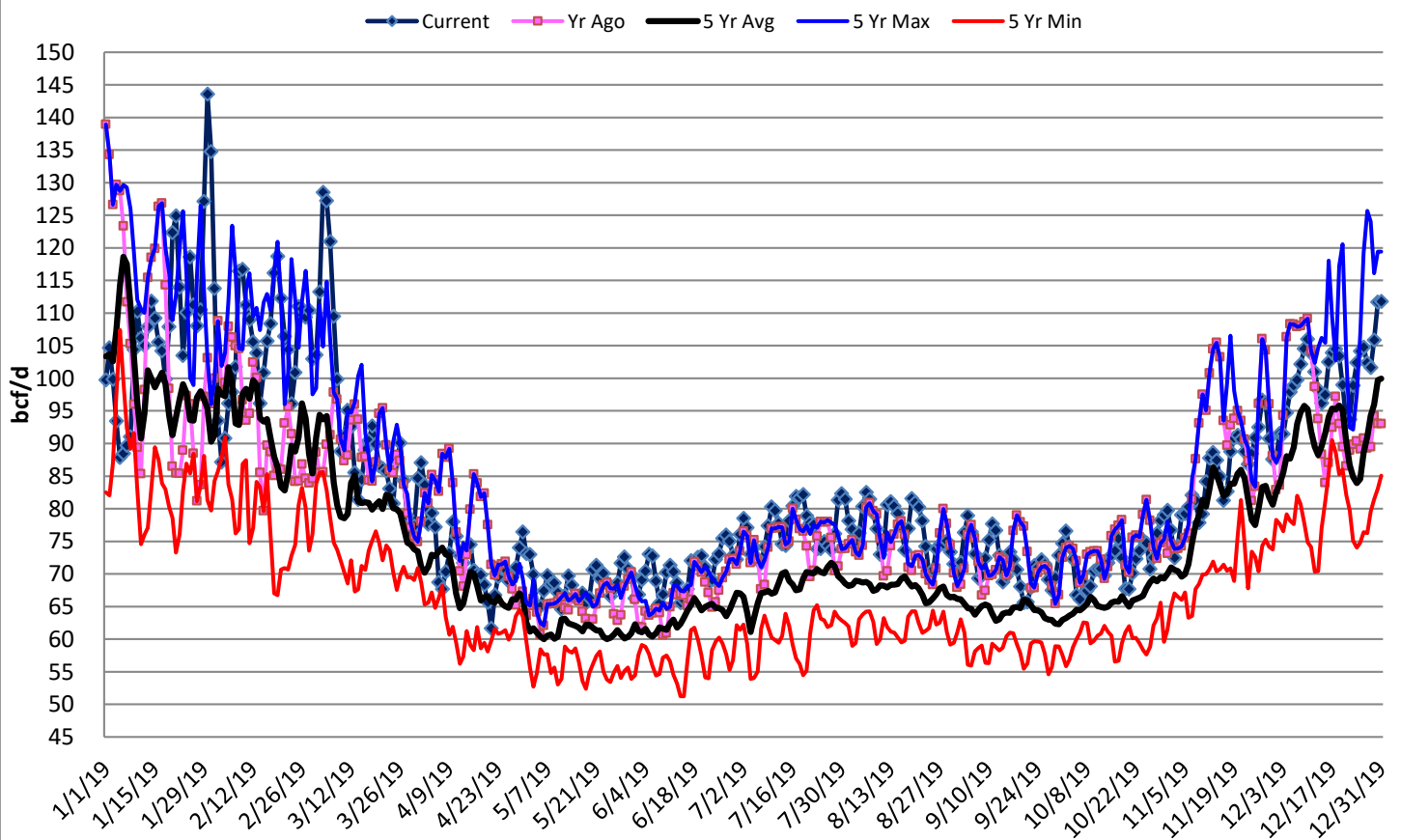
### Canadian Working Gas Storage - Enerdata



## US Total Supply



## US Total Demand



---

**ADDITIONAL INFORMATION AVAILABLE UPON REQUEST**

---

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