

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 November 1, 2019

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

Price Action: The spot price rose 41.4 cents (18.1%) to \$2.714 on a 39.2 cent range (\$2.738/\$2.346).

Price Outlook: Prices surged with Mother Nature very bullish. Since October 7, updated weather forecasts have added 141 bcf of demand compared to a rolling 10 year average with 77 bcf of that demand added this week alone. The +89 bcf weekly injection is still considered quite bearish on a temperature basis and current market prices are completely dependent on below normal temperatures materializing and forecasts continuing to project below normal temperatures in the future. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 24,310 contract reduction in the net short managed money position as longs added and shorts covered. The latest position represents a (74,049) contract reduction from the record (219,742) net short position from August 13. Total open interest fell (119,007) to 3.338 million as of October 29. Aggregated CME futures open interest fell (19,495) to 1.189 million as of November 01. This is the lowest CME open interest since October 1. CME OI has fallen (100,522) over the last 9 sessions. The current weather forecast is now cooler than 8 of the last 10 years. Pipeline data indicates total flows to Cheniere's Sabine Pass export facility were at 4.3 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 1.782 bcf. Cameron is exporting 0.419 bcf. Freeport is exporting 0.650 bcf. Elba Island is exporting 0.040 bcf.

Weekly Storage: US working gas storage for the week ending October 25 indicated an injection of +89 bcf. Working gas inventories rose to 3,695 bcf. Current inventories rise 552 bcf (17.6%) above last year and rise 48 bcf (1.3%) above the 5-year average.

Storage Outlook: The EIA weekly implied flow was 0 bcf from our EIA storage estimate. This week's storage estimate was outside our tolerance. Over the last five weeks, the EIA has reported total injections of +490 bcf compared to our +499 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.

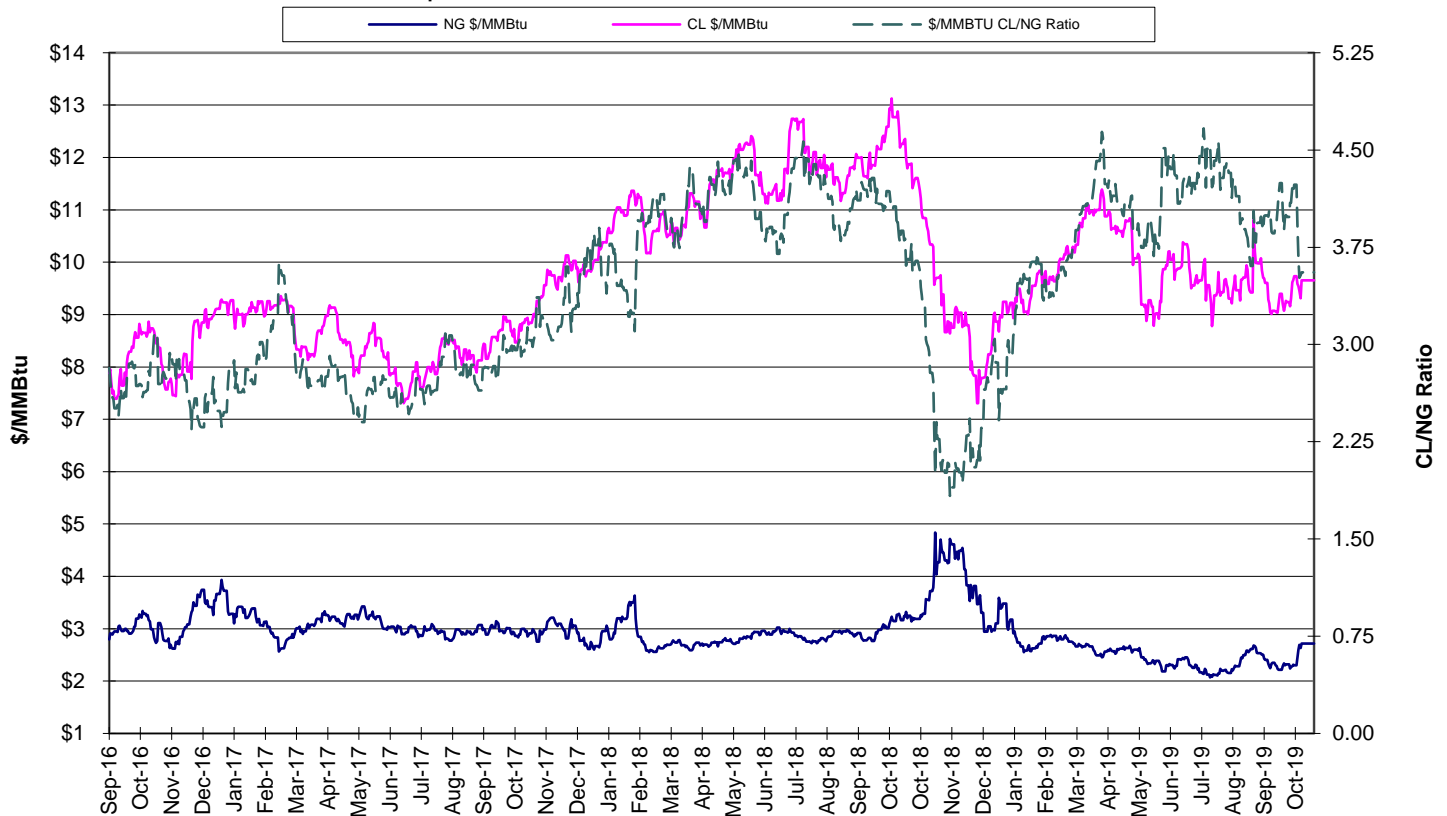
Supply Trends: Total supply rose 0.5 bcf/d to 86.7 bcf/d. US production rose. Canadian imports fell. LNG imports rose. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (8). Oil activity decreased (5). Natural gas activity decreased (3). The total US rig count now stands at 822. The Canadian rig count fell (5) to 142. Thus, the total North American rig count fell (13) to 964 and now trails last year by (301). The higher efficiency US horizontal rig count fell (11) to 717 and falls (212) below last year.

Demand Trends: Total demand rose +1.5 bcf/d to +74.1 bcf/d. Power demand rose. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +257 gigawatt-hrs to 68,164 which trails last year by (471) (-0.7%) and trails the 5-year average by (715)(-1.0%).

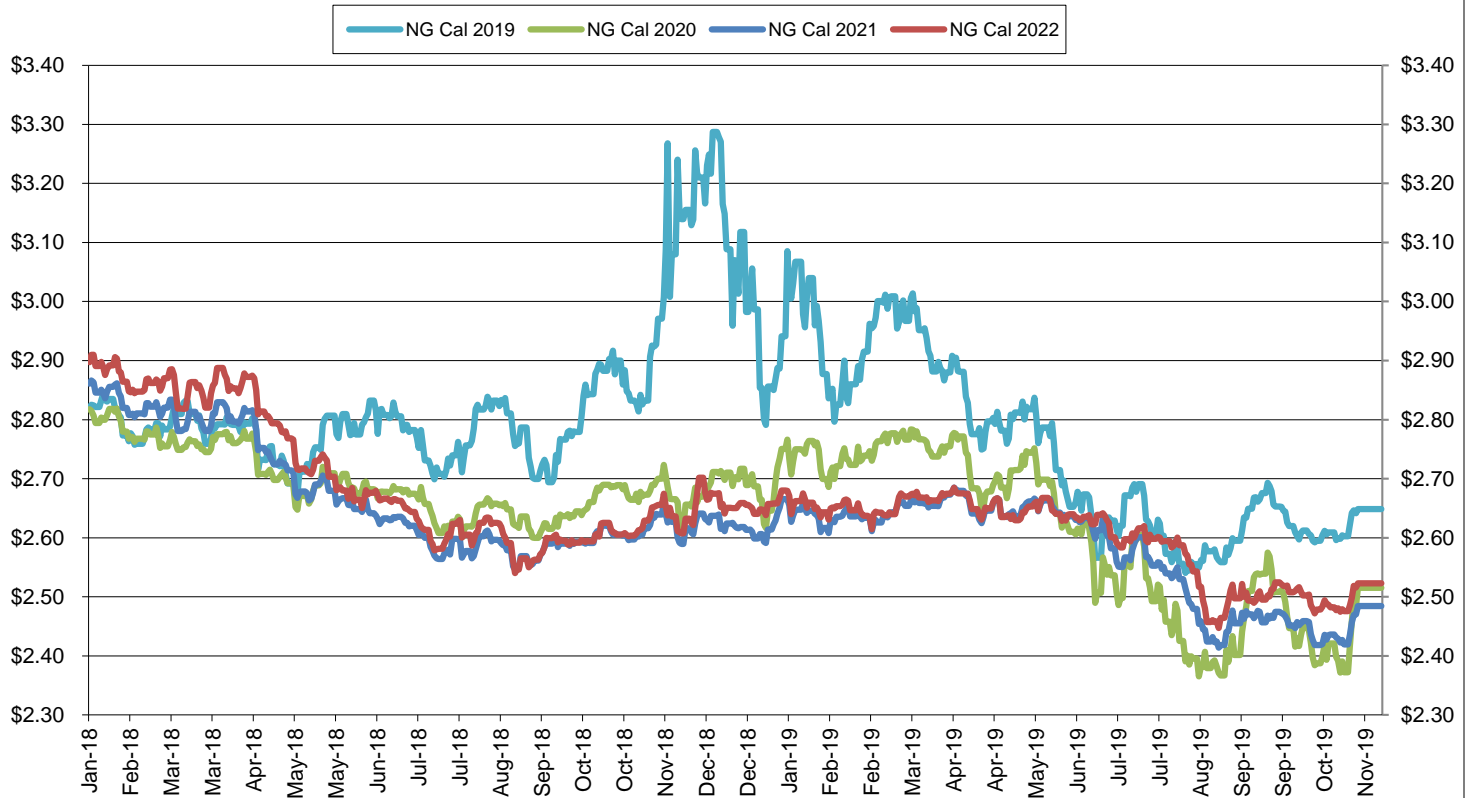
Nuclear Generation: Nuclear generation rose 3,011 MW in the reference week to 80,314 MW. This is +4,502 MW higher than last year and +848 MW higher than the 5-year average. Recent output was at 80,821 MW.

- The heating season beginning is beginning. With a forecast through November 15, the 2020 total heating index is at (308) compared to (271) for 2019, (230) for 2018, (79) for 2017, (111) for 2016, (227) for 2015, (254) for 2014, (186) for 2013 and (227) for 2012.

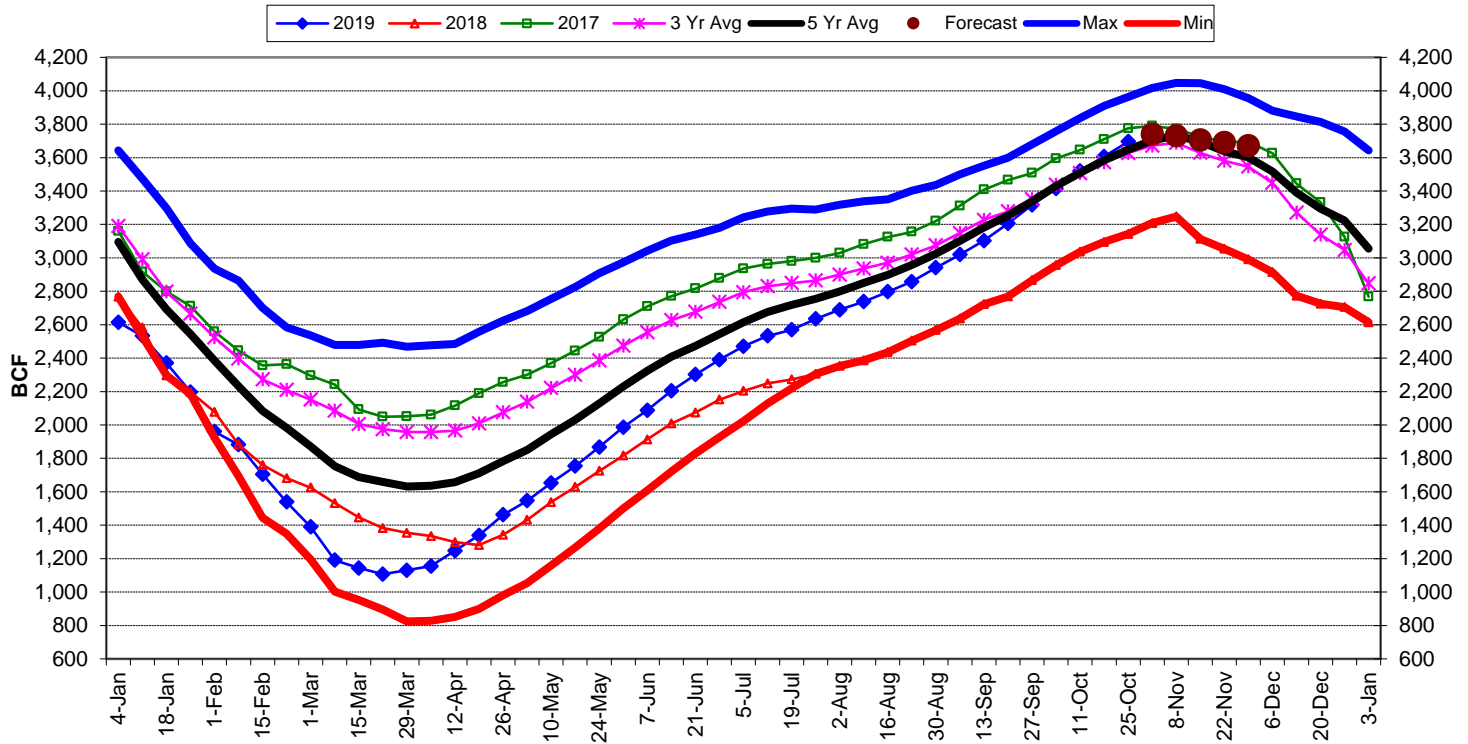
\$/MMBtu Ratio of NYMEX CL and NG



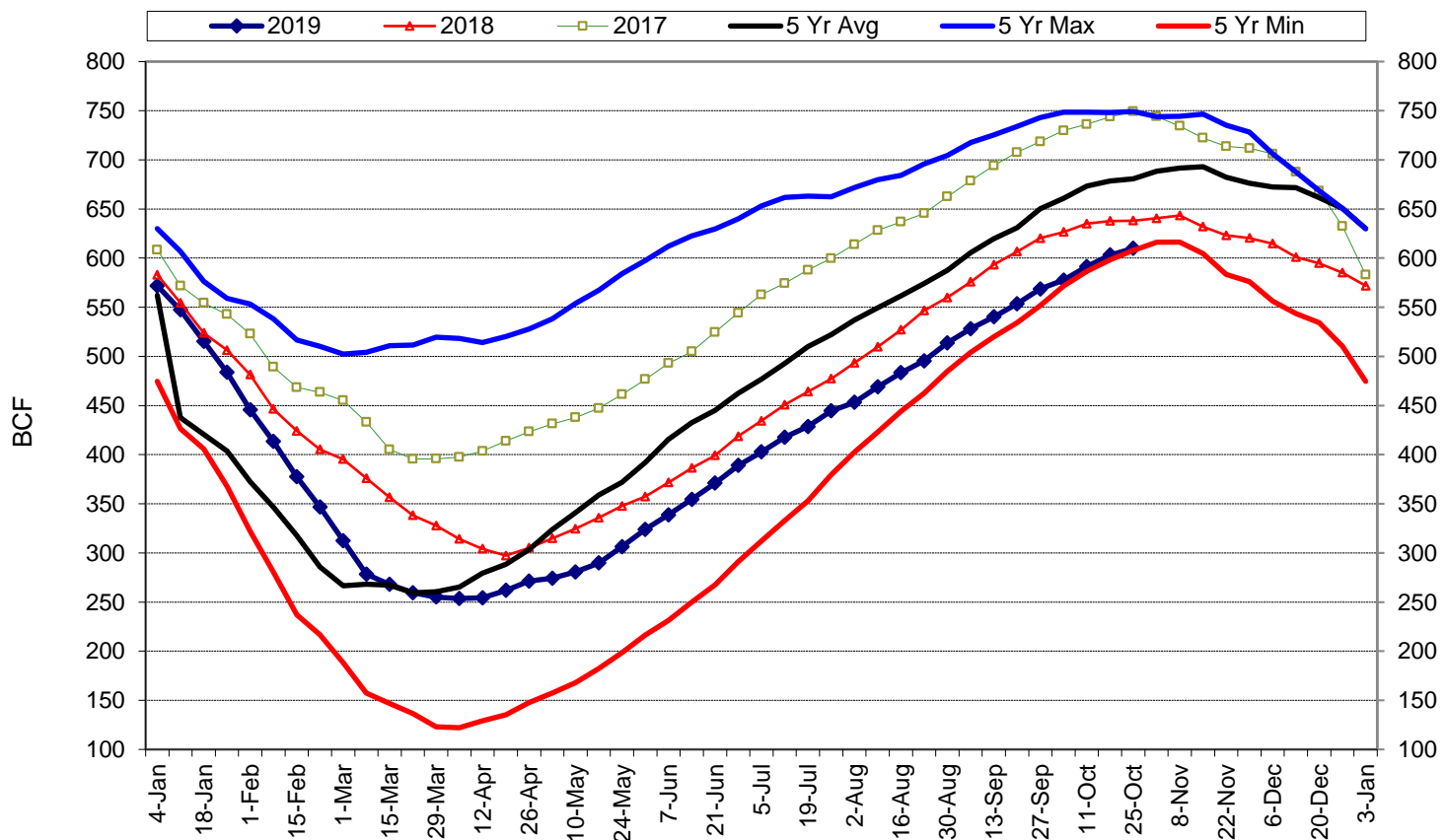
NYMEX Calendar Strips



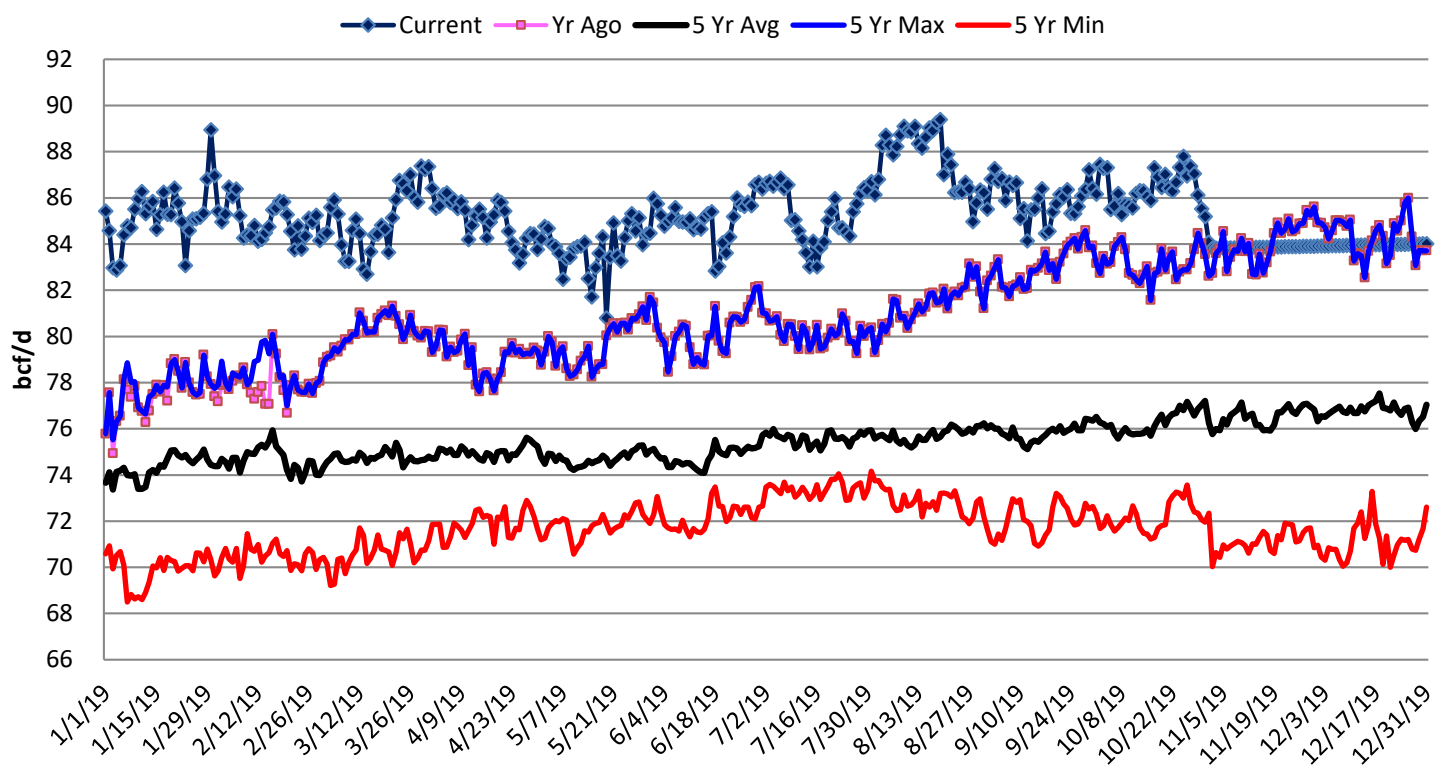
US Total Working Gas Storage - Source - EIA



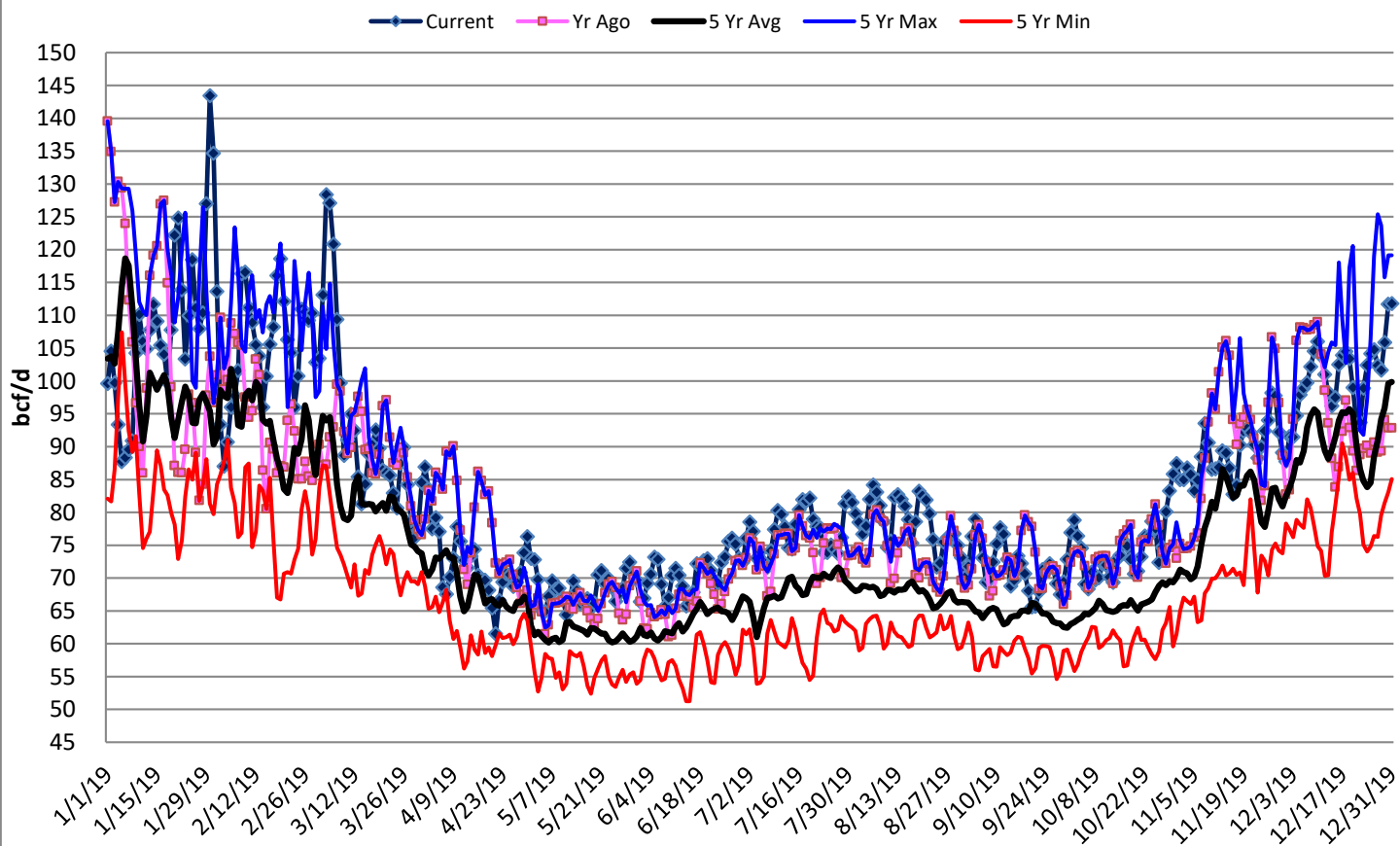
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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