

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 8, 2019

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

Price Action: The spot price rose 7.5 cents (2.8%) to \$2.789 on a 15.2 cent range (\$2.905/\$2.753).

Price Outlook: Prices rose as with Mother Nature still very bullish. Since October 7, updated weather forecasts have added 228 bcf of demand compared to a rolling 10 year average with 97 bcf of that demand added this week alone. Only 3 days since October 7 have indicated less demand compared to the rolling 10-year average. While much lower than expected, the +34 bcf weekly injection is still considered bearish on a temperature basis and current market prices are completely dependent on below normal temperatures. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 82,794 contract reduction in the net short managed money position as longs added and shorts covered. The latest position represents a (156,843) contract reduction from the record (219,742) net short position from August 13. Total open interest fell (60,764) to 3.277 million as of November 05. Aggregated CME futures open interest fell (26,771) to 1.160 million as of November 08. This is the lowest CME open interest since September 30. CME OI has fallen (129,180) over the last 14 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 4.2 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 1.583 bcf. Cameron is exporting 0.450 bcf. Freeport is exporting 0.220 bcf. Elba Island is exporting 0.086 bcf.

Weekly Storage: US working gas storage for the week ending November 1 indicated an injection of +34 bcf. Working gas inventories rose to 3,729 bcf. Current inventories rise 521 bcf (16.2%) above last year and rise 26 bcf (0.7%) above the 5-year average.

Storage Outlook: The EIA weekly implied flow was (6) 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 +412 bcf compared to our +428 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.

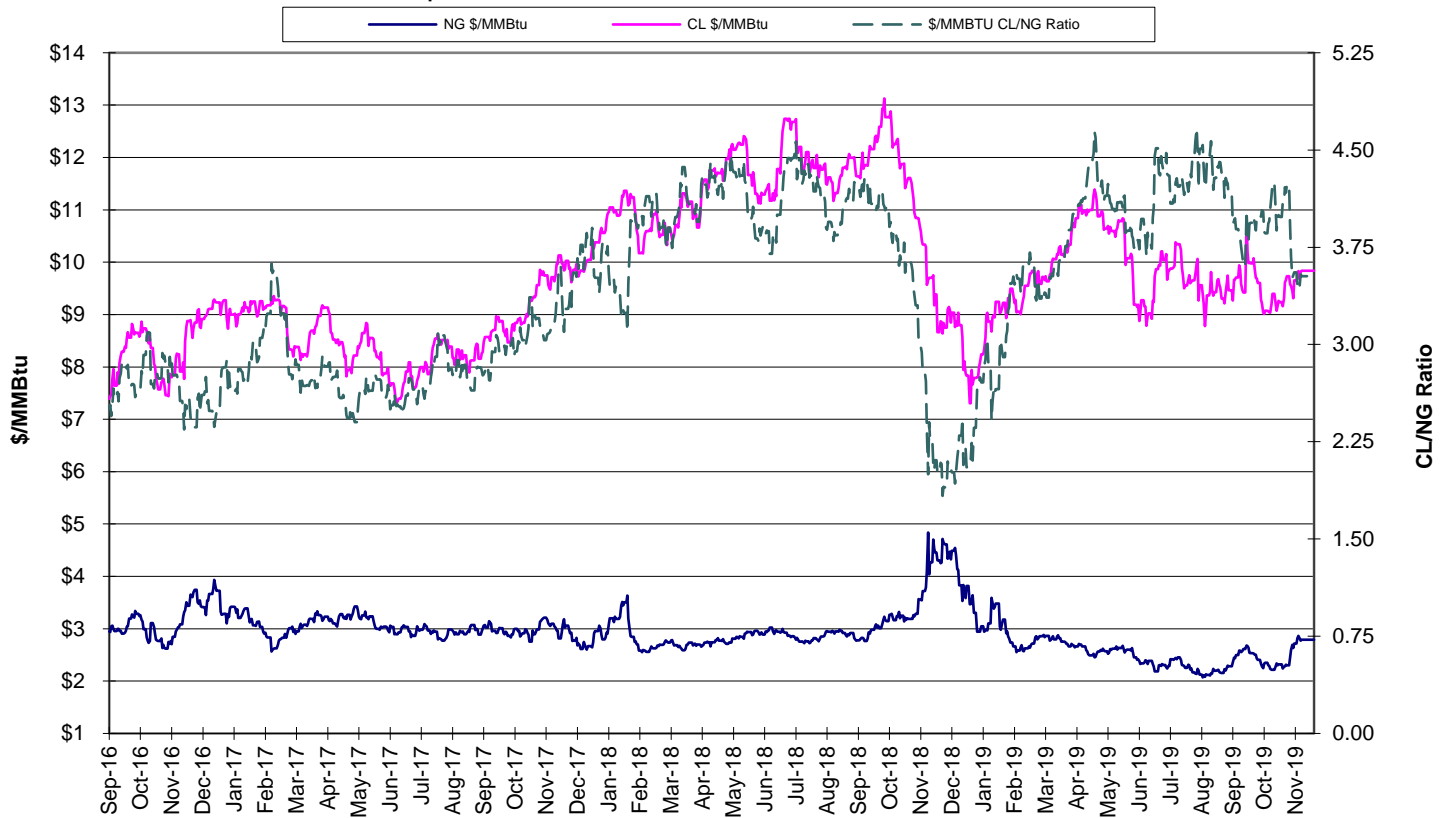
Supply Trends: Total supply fell (0.1) bcf/d to 86.6 bcf/d. US production fell. Canadian imports rose. LNG imports fell. LNG exports rose. Mexican exports fell. The US Baker Hughes rig count fell (5). Oil activity decreased (7). Natural gas activity was unchanged +0. The total US rig count now stands at 817. The Canadian rig count fell (2) to 140. Thus, the total North American rig count fell (7) to 957 and now trails last year by (320). The higher efficiency US horizontal rig count fell (7) to 710 and falls (225) below last year.

Demand Trends: Total demand rose +6.1 bcf/d to +80.7 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +2,609 gigawatt-hrs to 70,773 which exceeds last year by +2,021 (2.9%) and exceeds the 5-year average by 1,574 (2.3%).

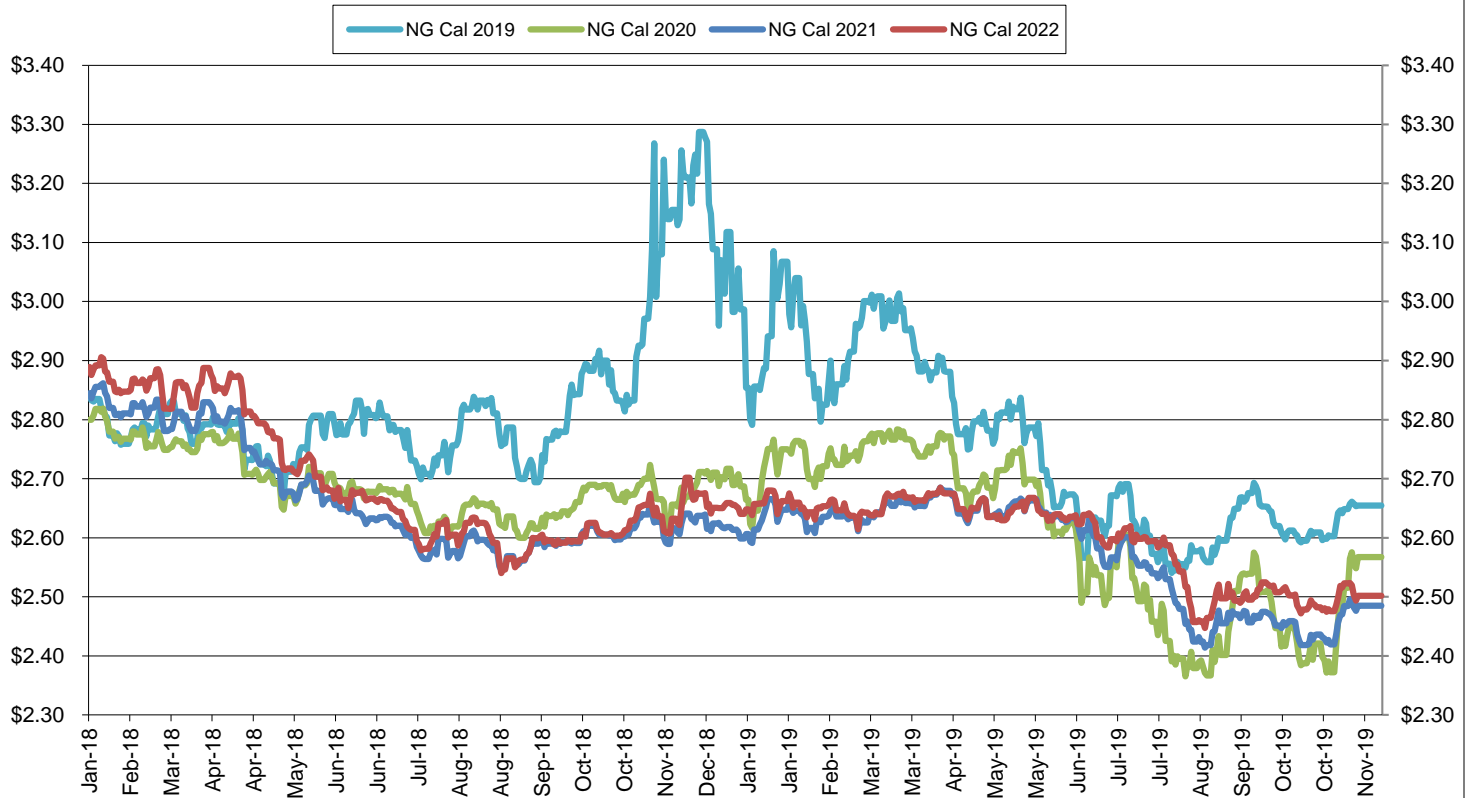
Nuclear Generation: Nuclear generation rose 1,121 MW in the reference week to 81,435 MW. This is +1,791 MW higher than last year and +511 MW higher than the 5-year average. Recent output was at 82,771 MW.

- The heating season has begun. With a forecast through November 22, the 2020 total heating index is at (461) compared to (435) for 2019, (322) for 2018, (186) for 2017, (192) for 2016, (382) for 2015, (324) for 2014, (283) for 2013 and (306) for 2012.

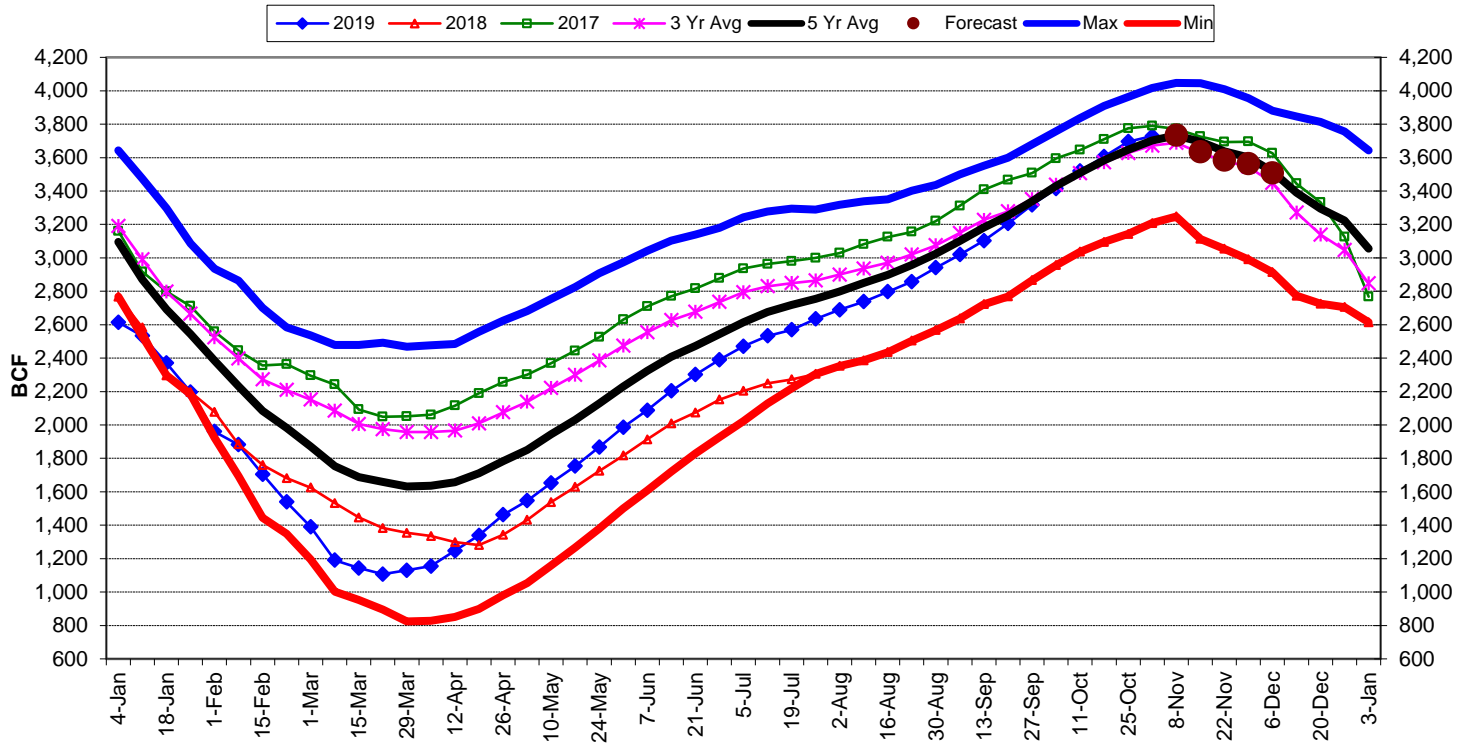
\$/MMBtu Ratio of NYMEX CL and NG



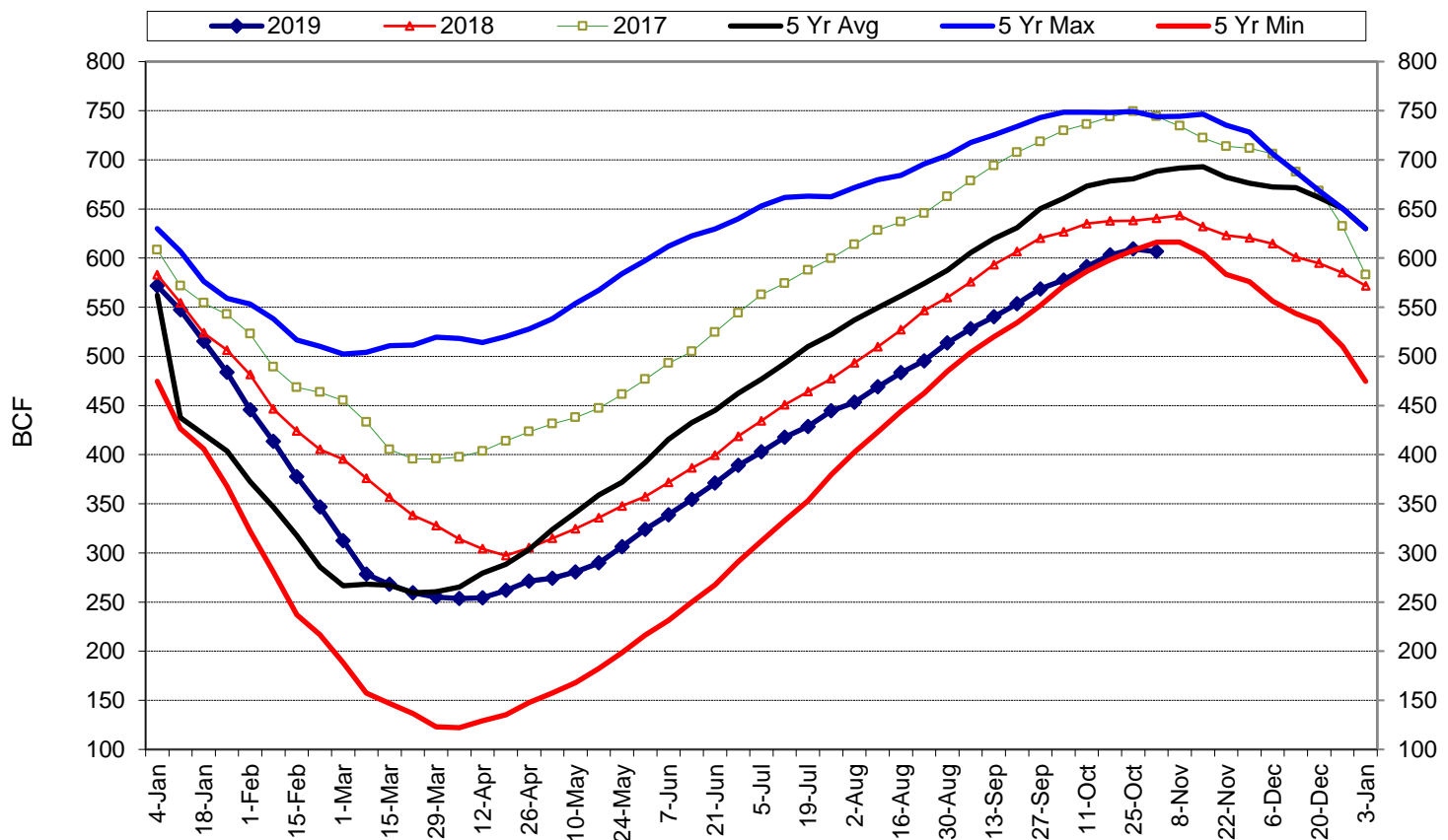
NYMEX Calendar Strips



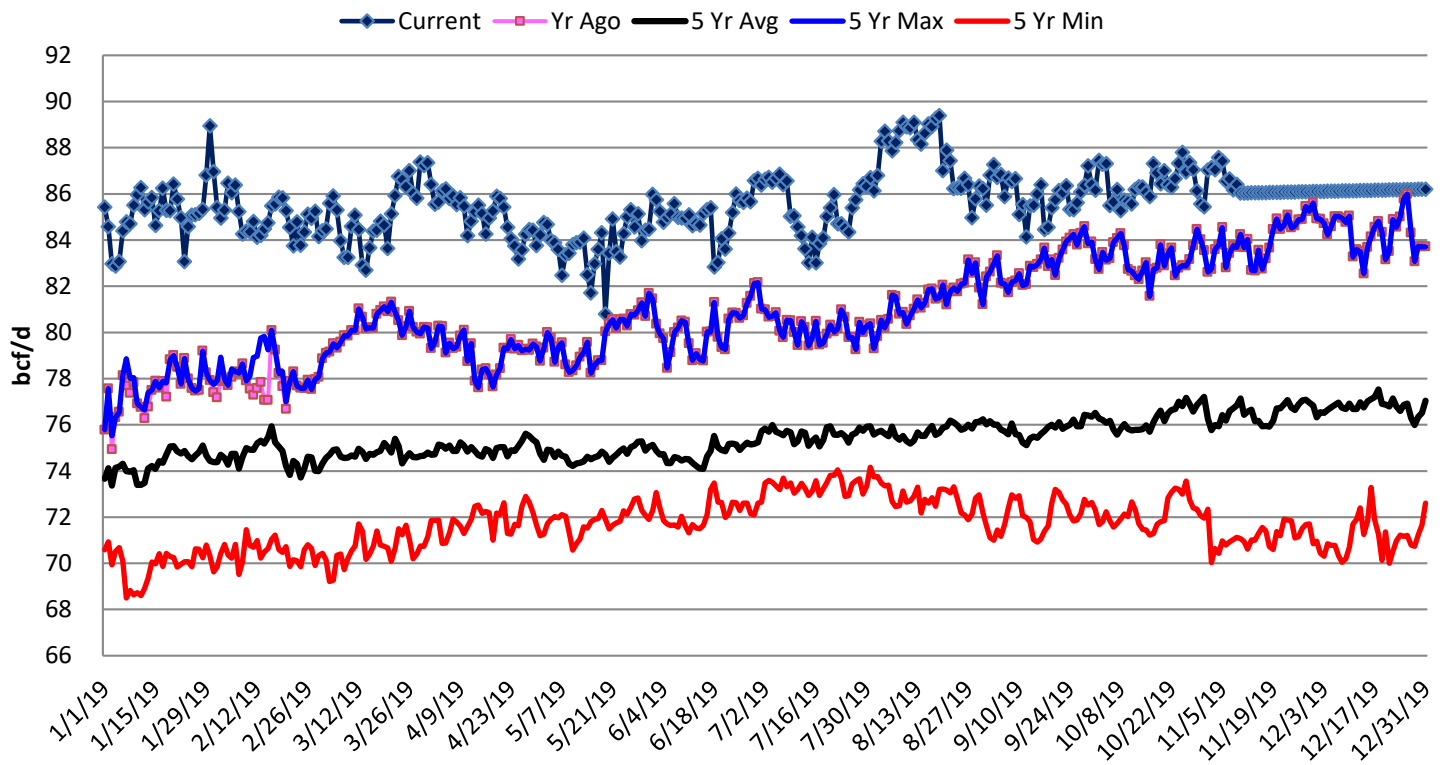
US Total Working Gas Storage - Source - EIA



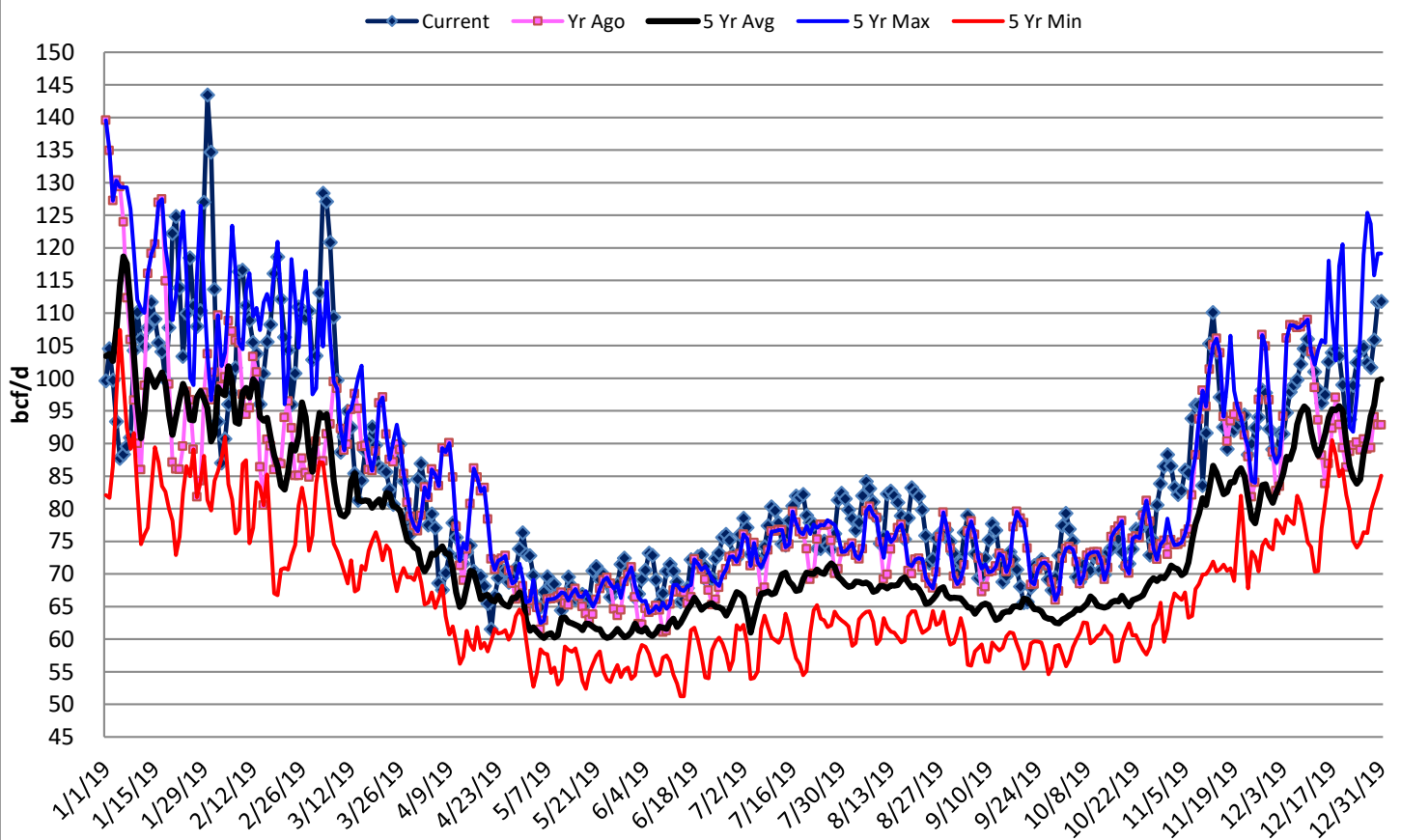
Canadian Working Gas Storage - Enerdata



US Total Supply



US Total Demand



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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