

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 November 15, 2019

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

Price Action: The spot price fell 10.1 cents (3.6%) to \$2.688 on a 15.4 cent range (\$2.724/\$2.570).

Price Outlook: Despite weather forecasts that remain bullish overall, prices gapped lower to begin the week with that technical price gap still in place to end the week. Although Mother Nature remains bullish, an unexpected storage injection highlights a still bearish underlying temperature adjusted supply/demand balance. Thus, bullish price action requires very bullish temperature forecasts and actualizations. Price action is highly dependent on the next weather model run and this remains the primary market factor. For daily updated storage projections, subscribe to our joint publication with RBN Energy. CFTC data indicated a 22,078 contract reduction in the net short managed money position as longs liquidated and shorts covered. The latest position represents a (178,920) contract reduction from the record (219,742) net short position from August 13. Total open interest fell (12,252) to 3.265 million as of November 12. Aggregated CME futures open interest rose 18,164 to 1.179 million as of November 15. 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 4.2 bcf. Cove Point is net exporting 0.8 bcf. Corpus Christi is exporting 1.630 bcf. Cameron is exporting 0.654 bcf. Freeport is exporting 0.050 bcf. Elba Island is exporting 0.040 bcf.

Weekly Storage: US working gas storage for the week ending November 8 indicated an injection of +3 bcf. Working gas inventories rose to 3,732 bcf. Current inventories rise 485 bcf (14.9%) above last year and fall (0) bcf (0.0%) below the 5-year average.

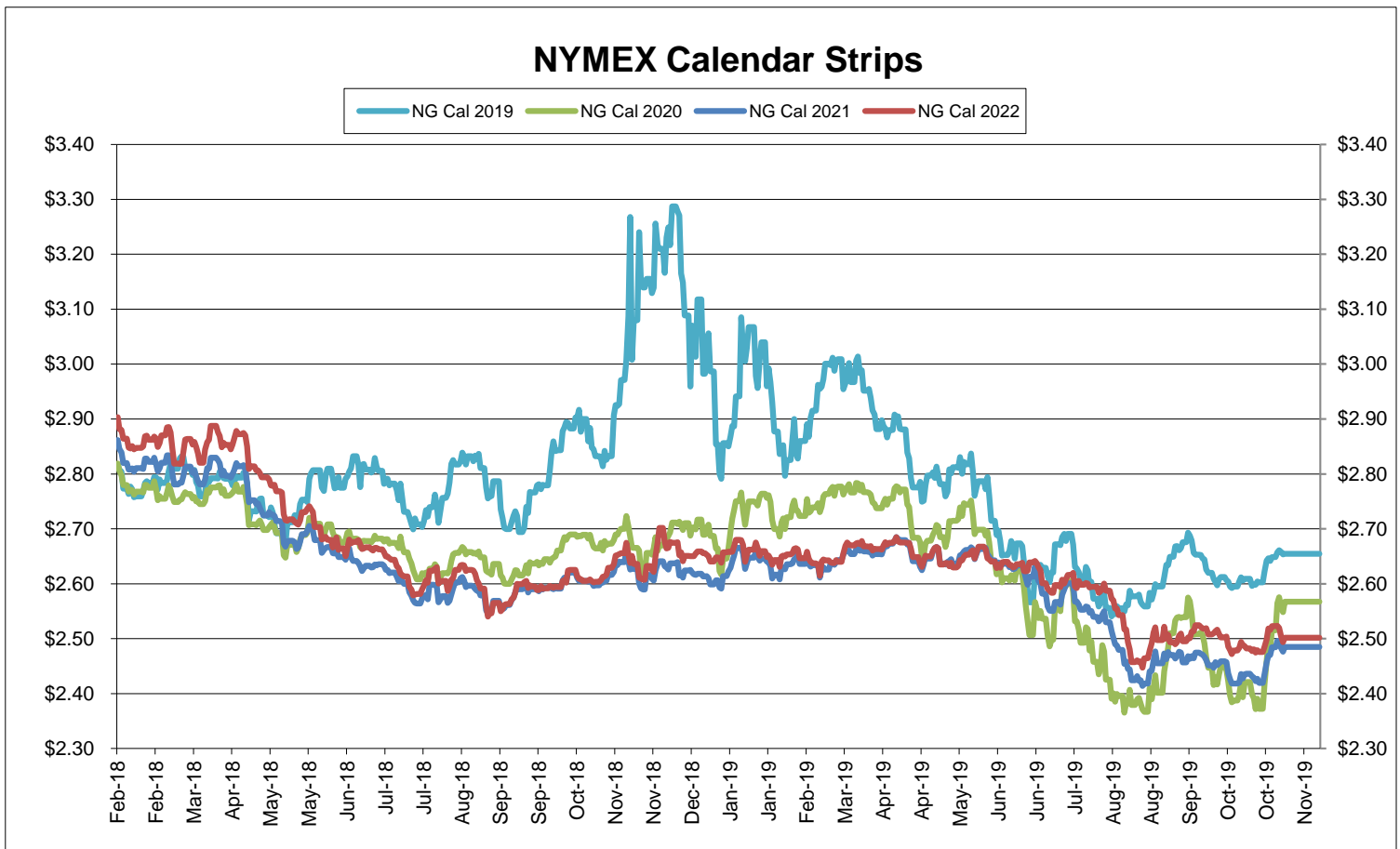
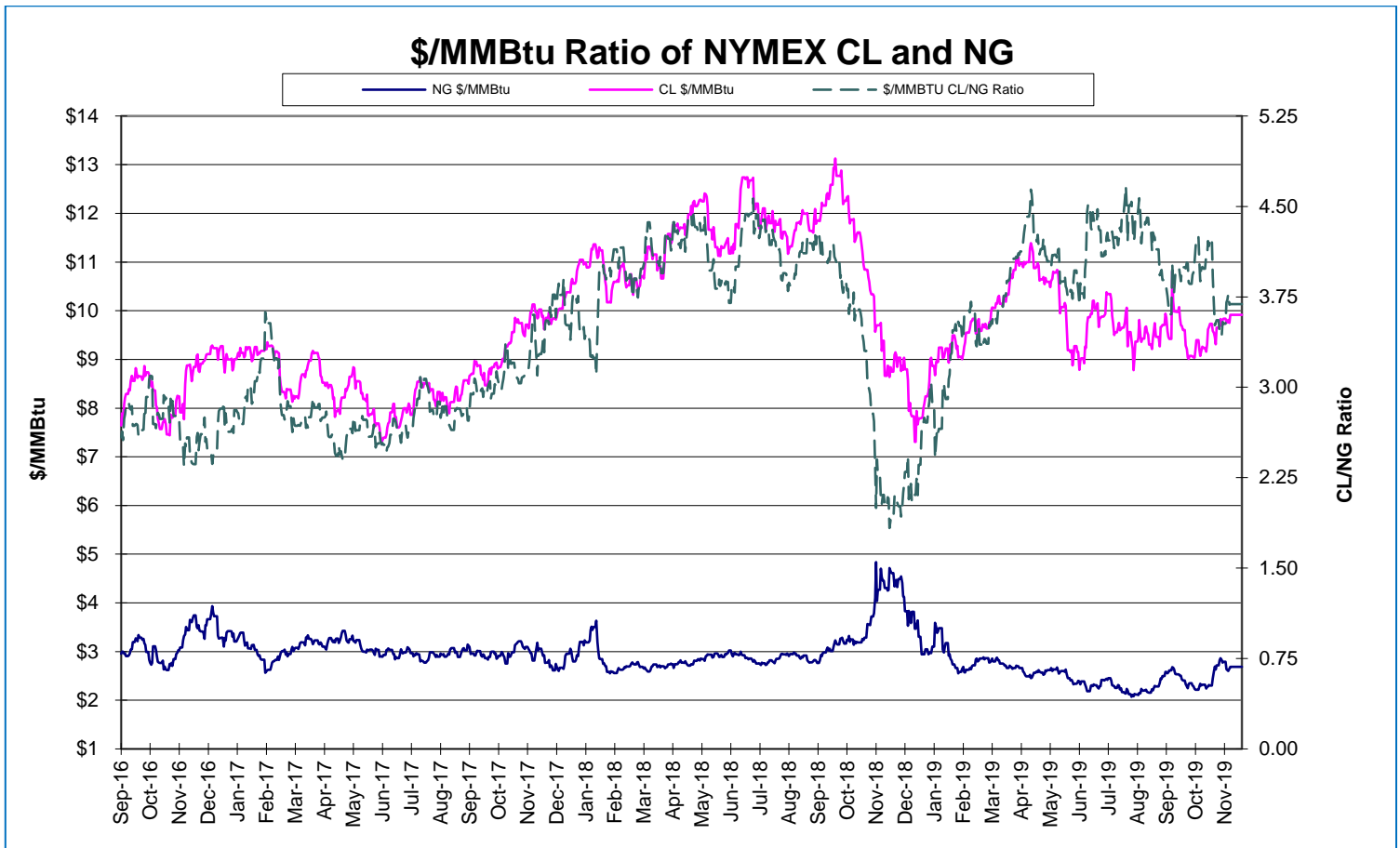
Storage Outlook: The EIA weekly implied flow was 5 bcf from our EIA storage estimate. This week's storage estimate was outside our tolerance. Over the last five weeks, the EIA has reported total injections of +412 bcf compared to our +428 bcf estimate. The forecasts use a 10-year rolling temperature profile past the 15-day forecast. Our joint publication with RBN updates storage projections daily.

Supply Trends: Total supply rose 0.5 bcf/d to 87.1 bcf/d. US production rose. Canadian imports rose. LNG imports rose. LNG exports fell. Mexican exports fell. The US Baker Hughes rig count fell (11). Oil activity decreased (10). Natural gas activity decreased (1). The total US rig count now stands at 806. The Canadian rig count fell (6) to 134. Thus, the total North American rig count fell (17) to 940 and now trails last year by (339). The higher efficiency US horizontal rig count fell (8) to 702 and falls (237) below last year.

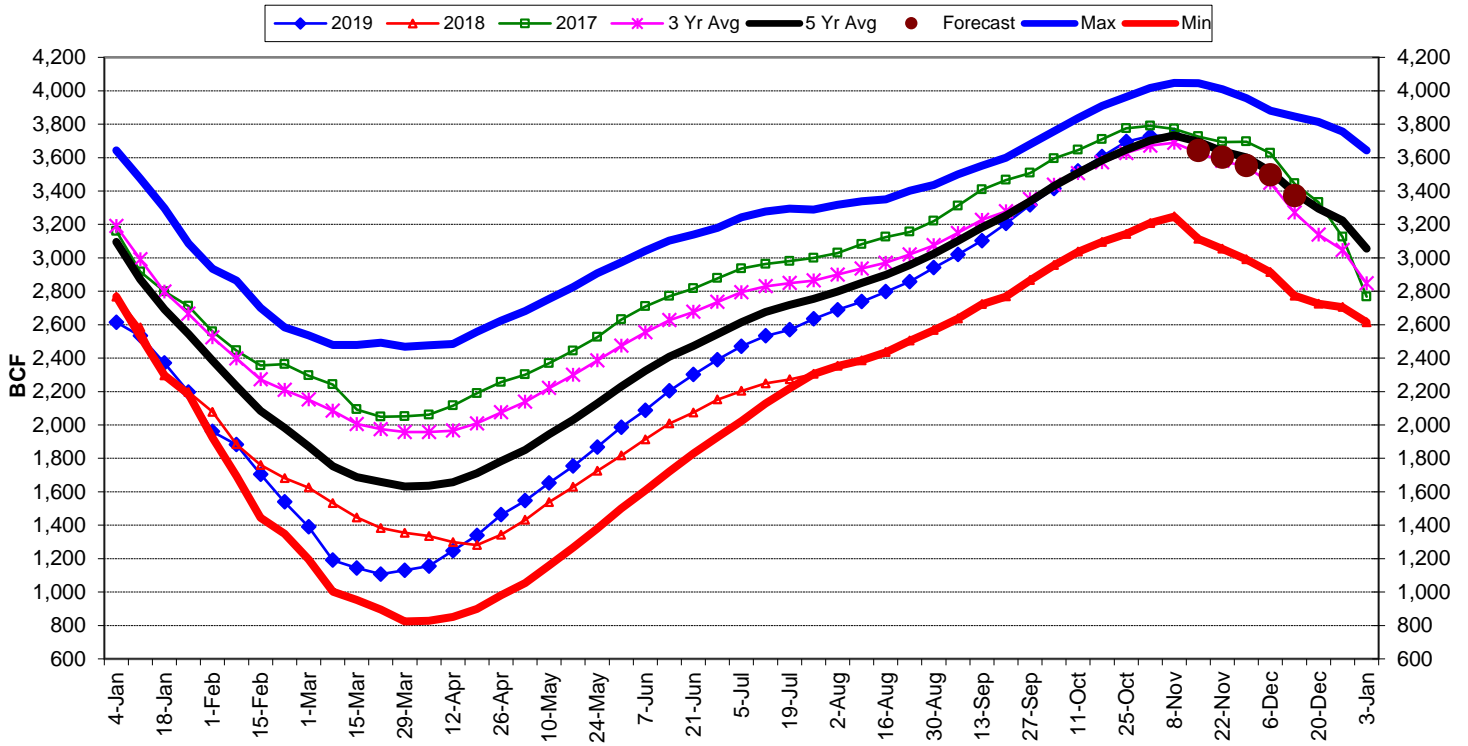
Demand Trends: Total demand rose +5.8 bcf/d to +86.8 bcf/d. Power demand fell. Industrial demand rose. Res/Comm demand rose. Electricity demand rose +1,234 gigawatt-hrs to 72,007 which exceeds last year by +454 (0.6%) and exceeds the 5-year average by 1,896 (2.7%).

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 84,023 MW.

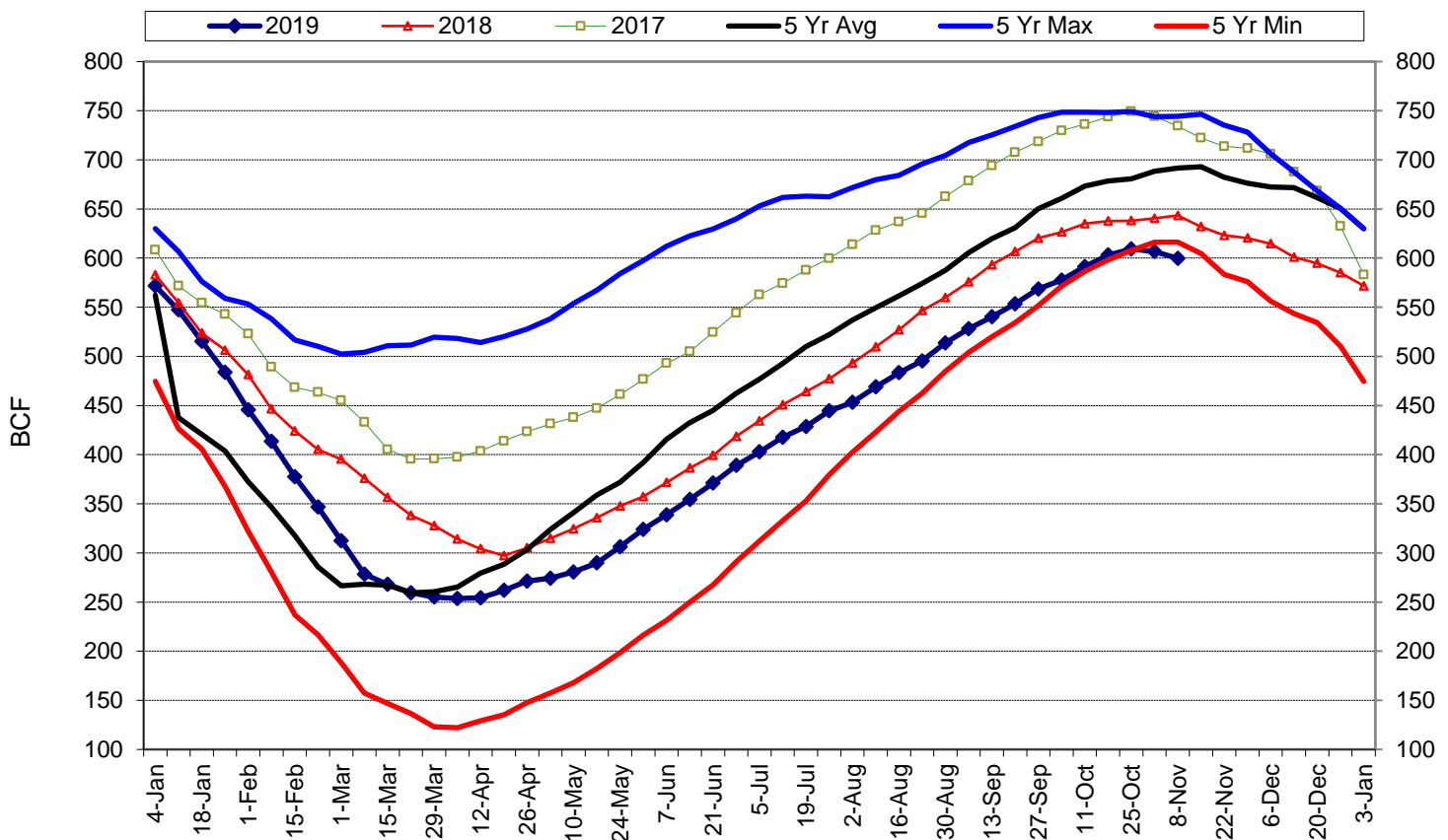
- The heating season has begun. With a forecast through November 29, the 2020 total heating index is at (584) compared to (550) for 2019, (400) for 2018, (254) for 2017, (309) for 2016, (504) for 2015, (495) for 2014, (362) for 2013 and (365) for 2012.



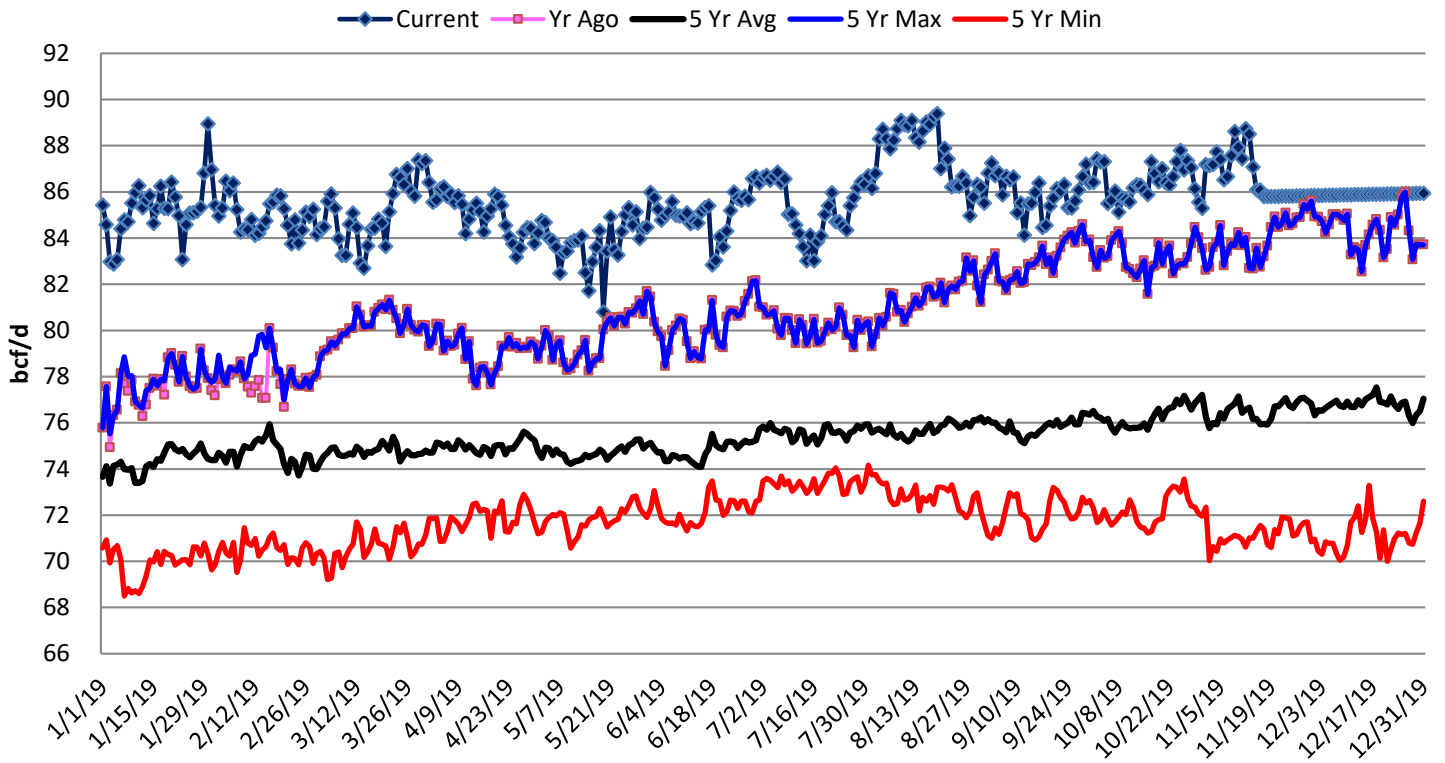
US Total Working Gas Storage - Source - EIA



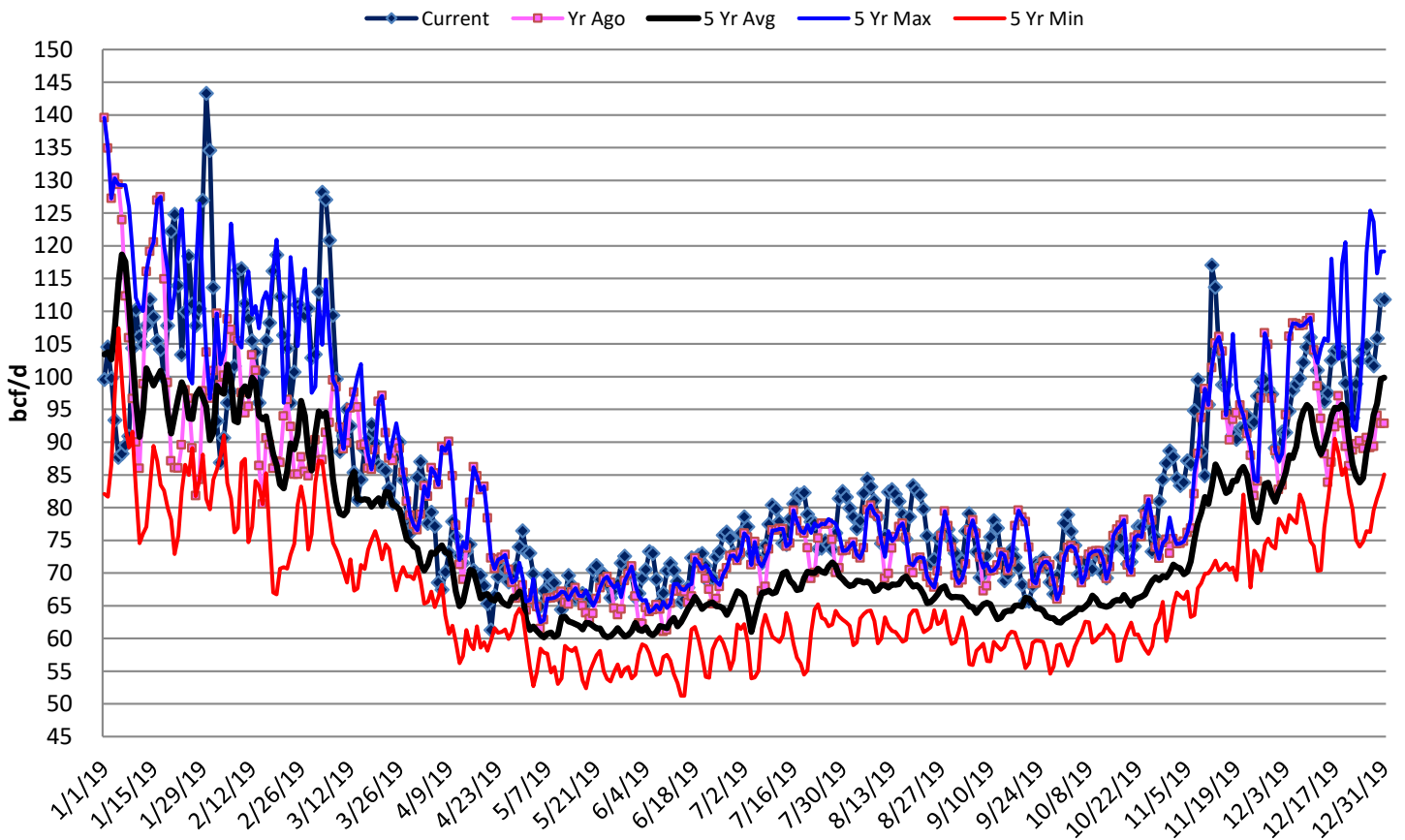
Canadian Working Gas Storage - Enerdata



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