

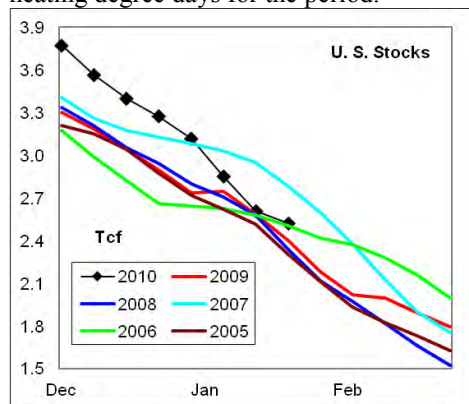

**FUNDAMENTAL  
PETROLEUM  
TRENDS**

# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, January 28, 2010


**Summary** <sup>1</sup> Stocks decreased -86 Bcf last week, a near record low draw for the week. Heating degree days were -23% below normal last week, a near record low heating degree days for the period.



In the East Region stocks declined -67 Bcf, which was an extremely low draw for the week. The -16 Bcf draw in the West Region was less than the mid range. The stock draw of -3 Bcf in the Producing Region was a record low draw for the period.

Heating degree days were -20% below normal in the East Region, -13% below normal in the West Region and -42% below normal in the Producing Region for the week ending January 23rd.

**Heating degree days** were -23% below normal for the week ending January 23rd and forecast to be -10% below normal for the week ending January 30th.

The 6-10 day NWS forecast for the week ending February 6th is for warmer than normal temperatures in the Great Lakes and northeast, and colder than normal in the Rockies.

The 8-14 day NWS forecast for the week ending February 10th, is warmer than normal in the Midwest, great lakes and northeast with near normal temperatures elsewhere.

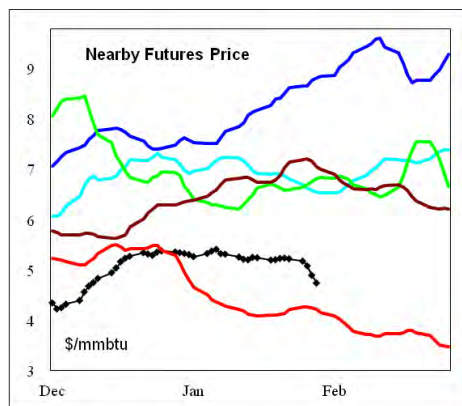
**Prices:** Nearby gas futures prices declined - \$0.47/mmbtu for the week ending January 28th.

### <sup>1</sup> Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

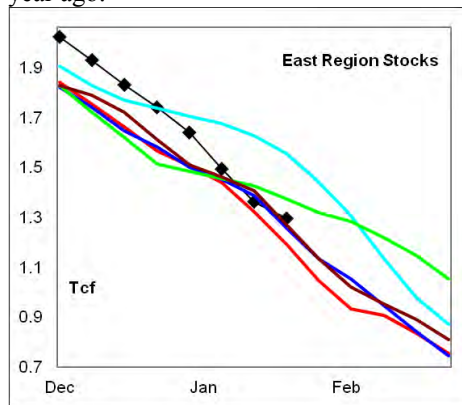
[National Weather Service 6-10 Day](#)

[National Weather Service 10-14 Day](#)

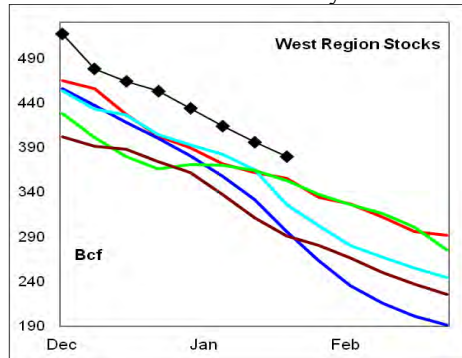


The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended lower in favor of the deferred months as a result of extremely low demand and the roll forward in February futures contract. The spread ended the week slightly above the five year range for this time of year.

**East Region** stocks decreased -67 Bcf on the week, which was a near record low draw for the week. The latest 4-wk stock draw was a record draw for this time of year. Stock levels are now +5% above a year ago.



Heating degrees in the region were -20% below normal for the week ending January 23rd and are forecast to be -11% below normal for the week ending January 30th. Slightly warmer than normal temperatures are forecast for the next 10-days.

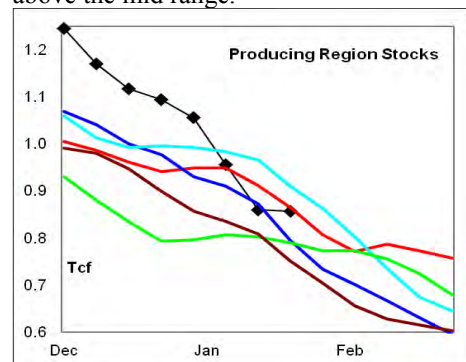


**West Region** stocks decreased -16 Bcf on

the week, which was less than the mid range. The latest 4-wk stock draw was less than the historic mid range for the period. Stock levels are now +7% above a year ago and above the five year range.

Heating degree days were -13% below normal for the week ending January 23rd and are forecast to be -2% below normal for the week ending January 30th. Slightly colder than normal temperatures are forecast for the next 10 days.

**Producing Region** stocks decreased -3 Bcf on the week, a record low draw for the week. The latest 4-wk draw was still greater than the historic range. Stock levels are now -1% below last year but above the mid range.



Heating degree days were -42% below normal for the week ending January 23rd and forecast to be -9% below normal for the week ending January 30th. Slightly warmer than normal temperatures are forecast for the next 10 days.

**Residual Fuel Oil Switching:** The price spread between residual fuel oil and natural gas trended lower last week, but remains well above the historic range in favor of switching to gas. Residual fuel oil demand (including exports) was -20% below year ago levels for the latest 4-wk period.

**Outlook:** Last week witnessed a dramatic shift in the forecast for heating degree days; from much colder than normal to slightly warmer than normal in key heating markets. Not only did demand collapse on extremely warm temperatures last week, but the change in forecast shifted expectations to continued low demand. Prices fell sharply.

Looking forward, moderate temperatures are forecast for the next 10-days which should keep downward pressure on prices.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: January 28, 2010

For the week ending: 22-Jan-10

### Weekly Trends in Stocks and Heating Degree Days for the week ending:

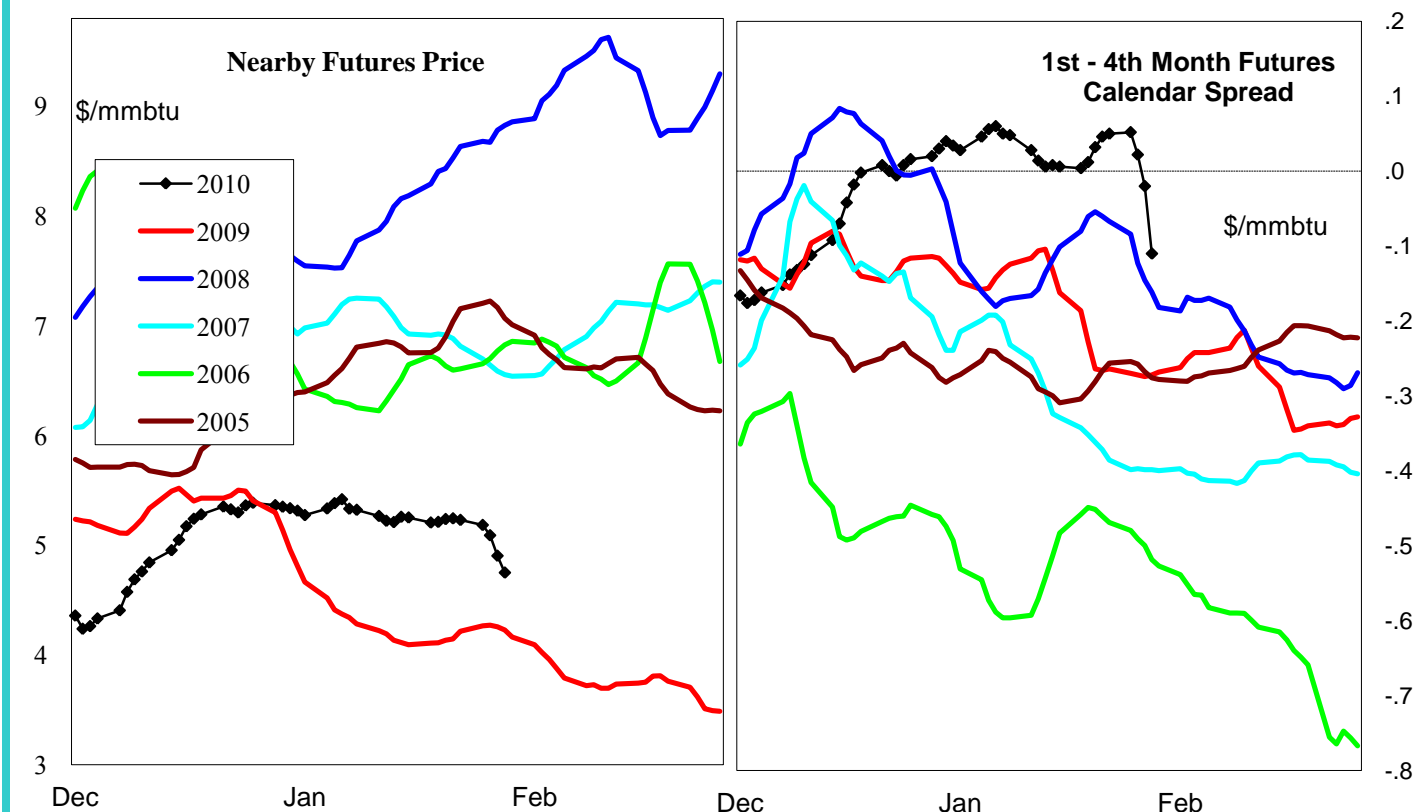
Week ending:	22-Jan-10			16-Jan-10		23-Jan-10		30-Jan-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,521	-86	5.0	-55	0%	-55	-23%	26	-10%
East	1,334	-67	8.4	-51	1%	-57	-20%	21	-11%
West	380	-16	7.0	-43	-19%	10	-13%	19	-2%
Producing	807	-3	-1.0	-76	9%	-87	-42%	49	-9%

### Seasonal Trends in Stocks and Heating Degree Days

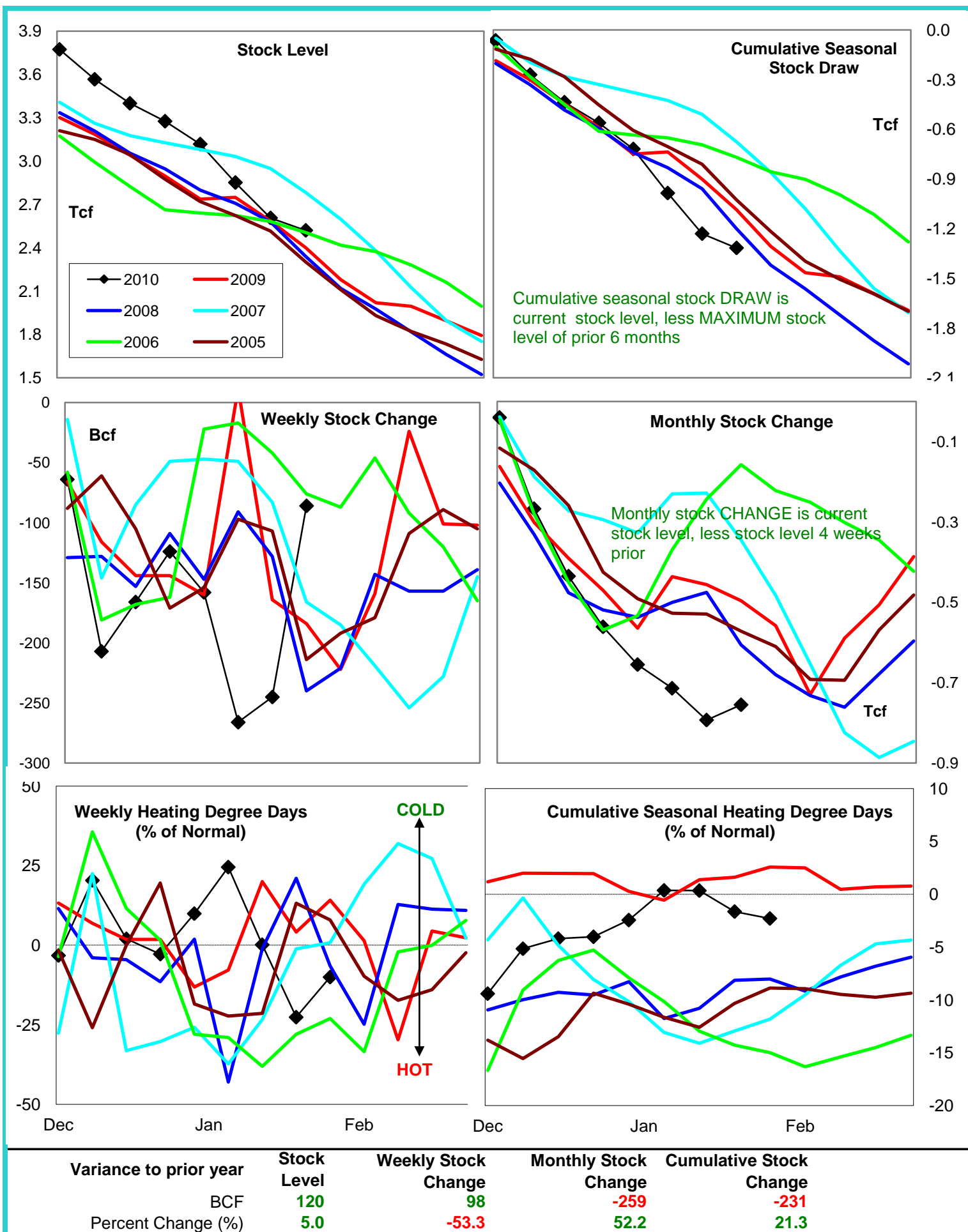
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,316</b>	<b>-231</b>	<b>17.6</b>	<b>240</b>	<b>0.3</b>	<b>184</b>	<b>-1.6</b>	<b>210</b>	<b>-2.3</b>
<b>East</b>	<b>-767</b>	<b>43</b>	<b>-5.6</b>	<b>268</b>	<b>-0.8</b>	<b>210</b>	<b>-2.5</b>	<b>231</b>	<b>-3.2</b>
<b>West</b>	<b>-146</b>	<b>-29</b>	<b>19.9</b>	<b>175</b>	<b>-4.2</b>	<b>184</b>	<b>-4.9</b>	<b>203</b>	<b>-4.7</b>
<b>Producing</b>	<b>-412</b>	<b>-255</b>	<b>61.9</b>	<b>181</b>	<b>11.7</b>	<b>94</b>	<b>6.6</b>	<b>143</b>	<b>5.3</b>

### Futures Market Price Trends

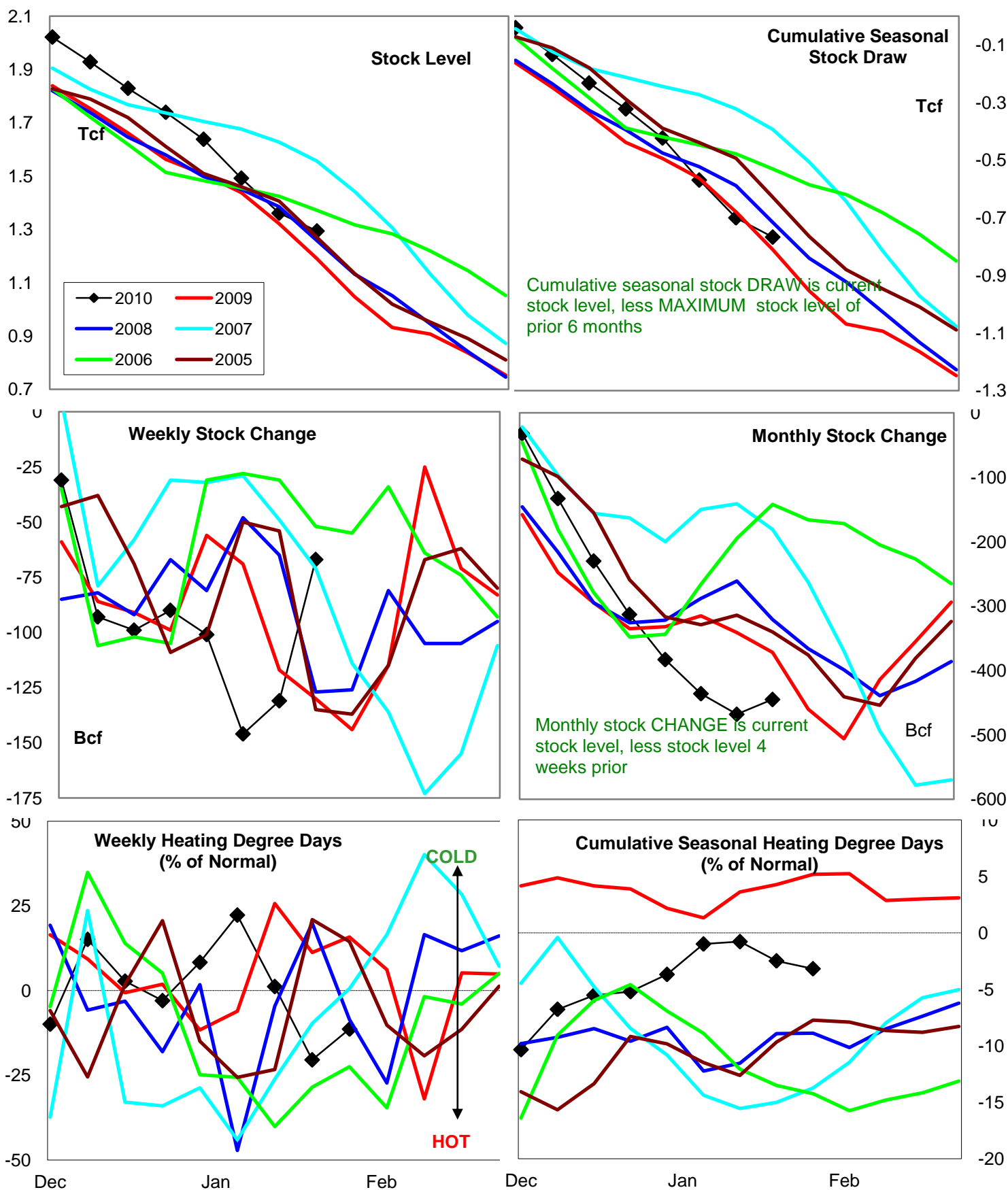
Date:	26-Jan-10	Change vs prior week, month, year		
		20-Jan-10	28-Dec-09	23-Jan-09
<b>1st month Futures</b>	<b>5.15</b>	<b>-0.67</b>	<b>-0.42</b>	<b>0.62</b>
<b>% change</b>	<b>xxxxx</b>	<b>-11.5</b>	<b>-7.5</b>	<b>13.7</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock Level

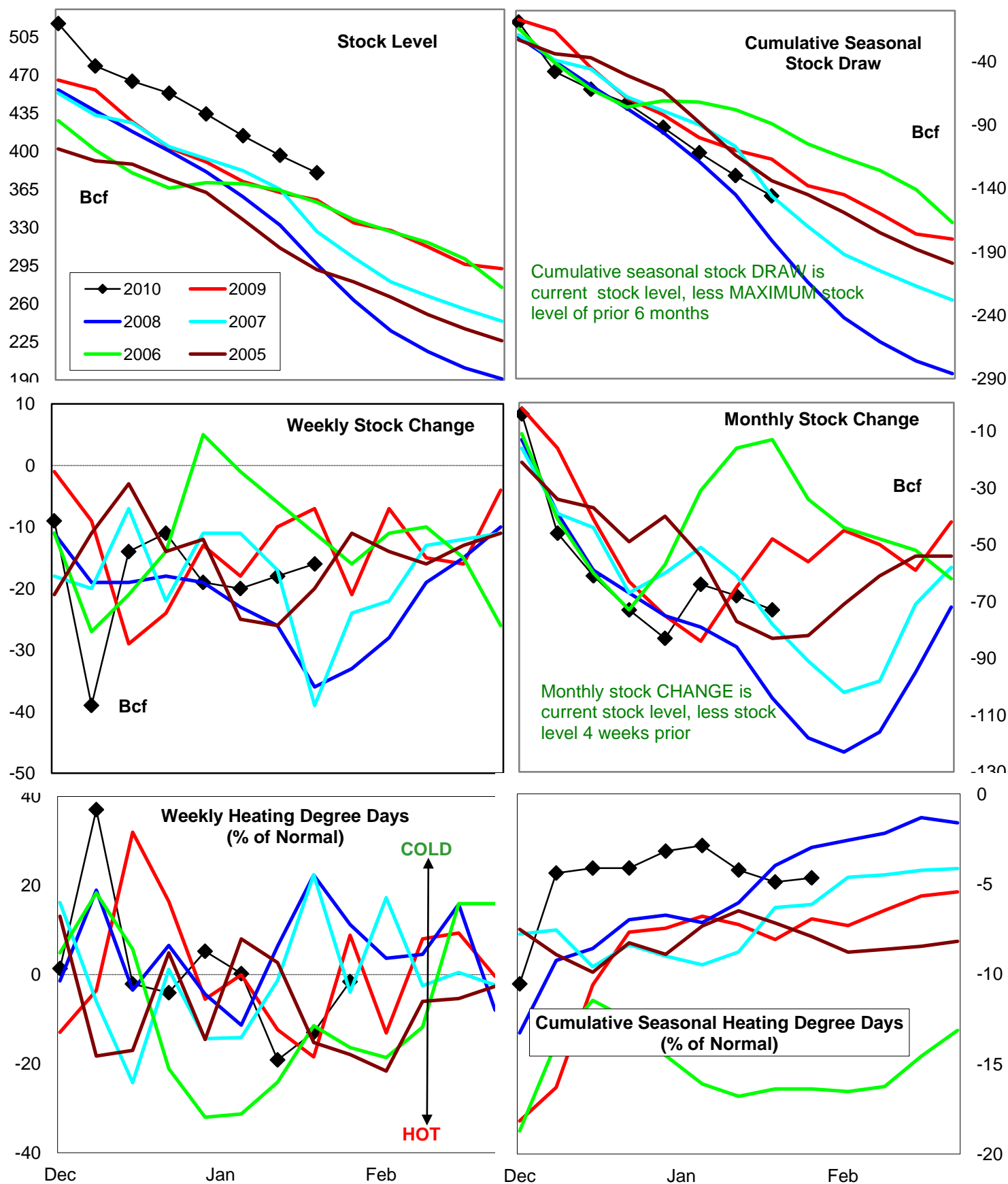
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)103  
8.463  
-48.5-73  
19.643  
-5.3

# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)

25

7.0

-9

128.6

-25

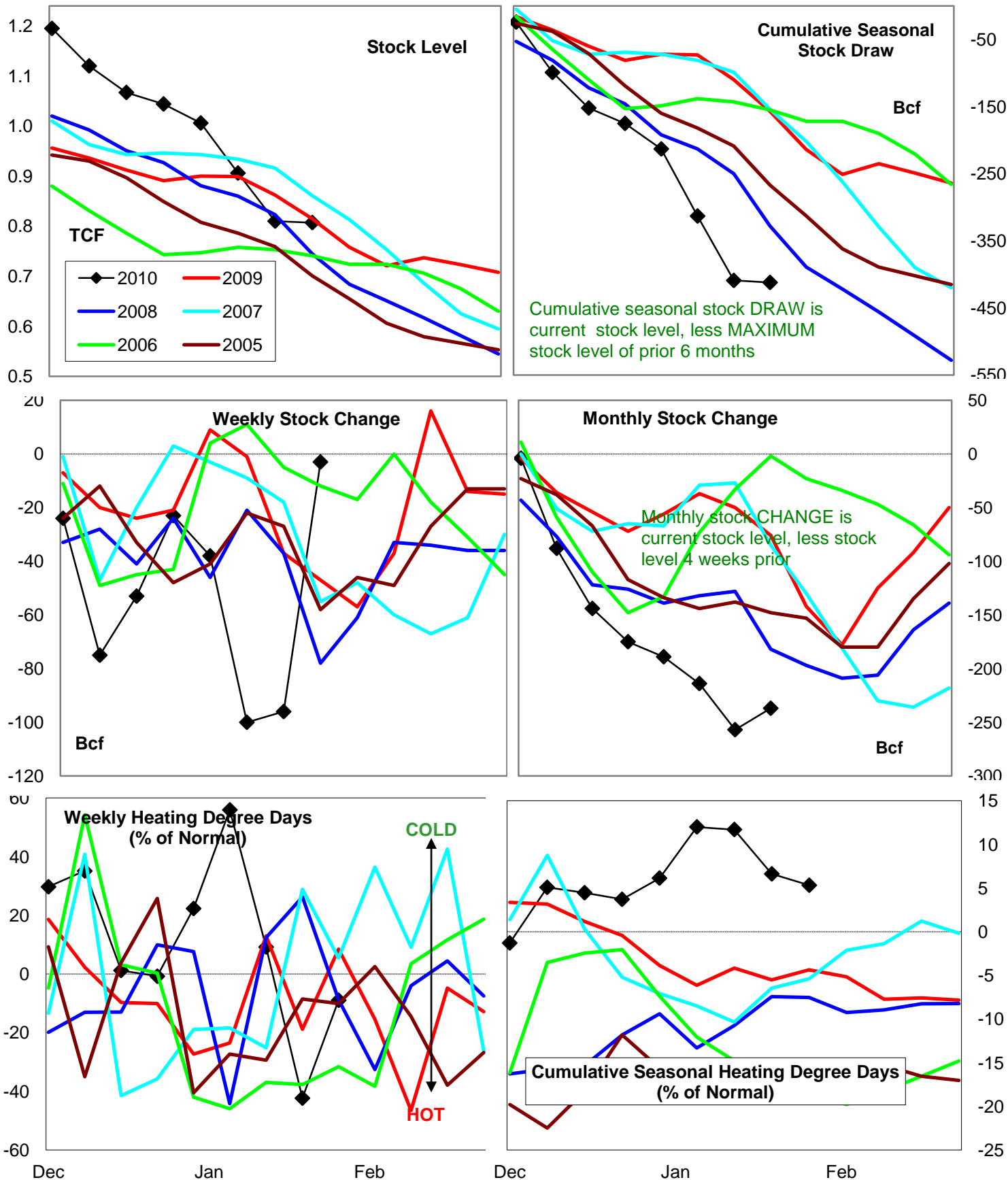
52.1

-29

24.8



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

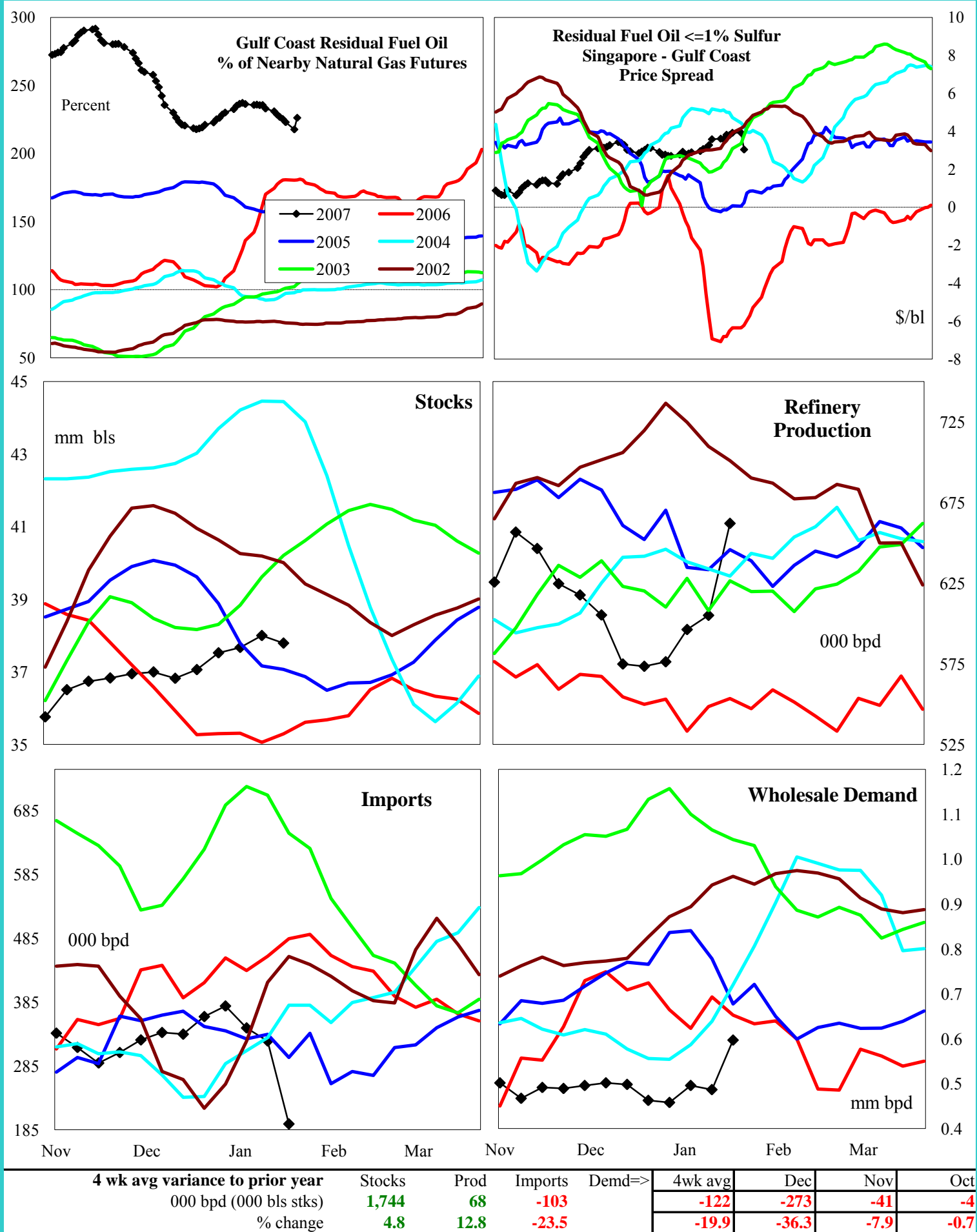
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

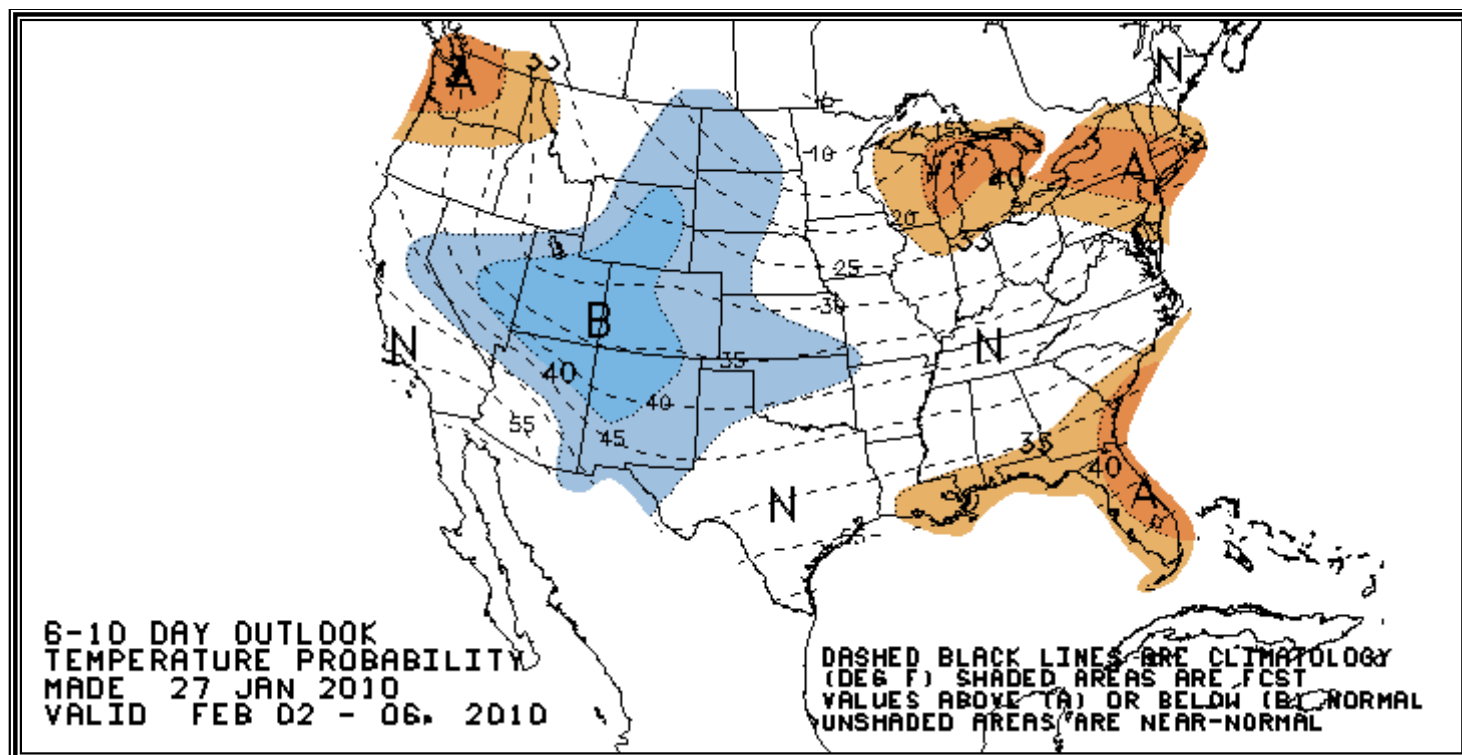
BCF  
Percent Change (%)-8  
-1.044  
-93.6-161  
211.8-255  
162.4

# U.S. Residual Fuel Oil Price Spreads and Supply Balance



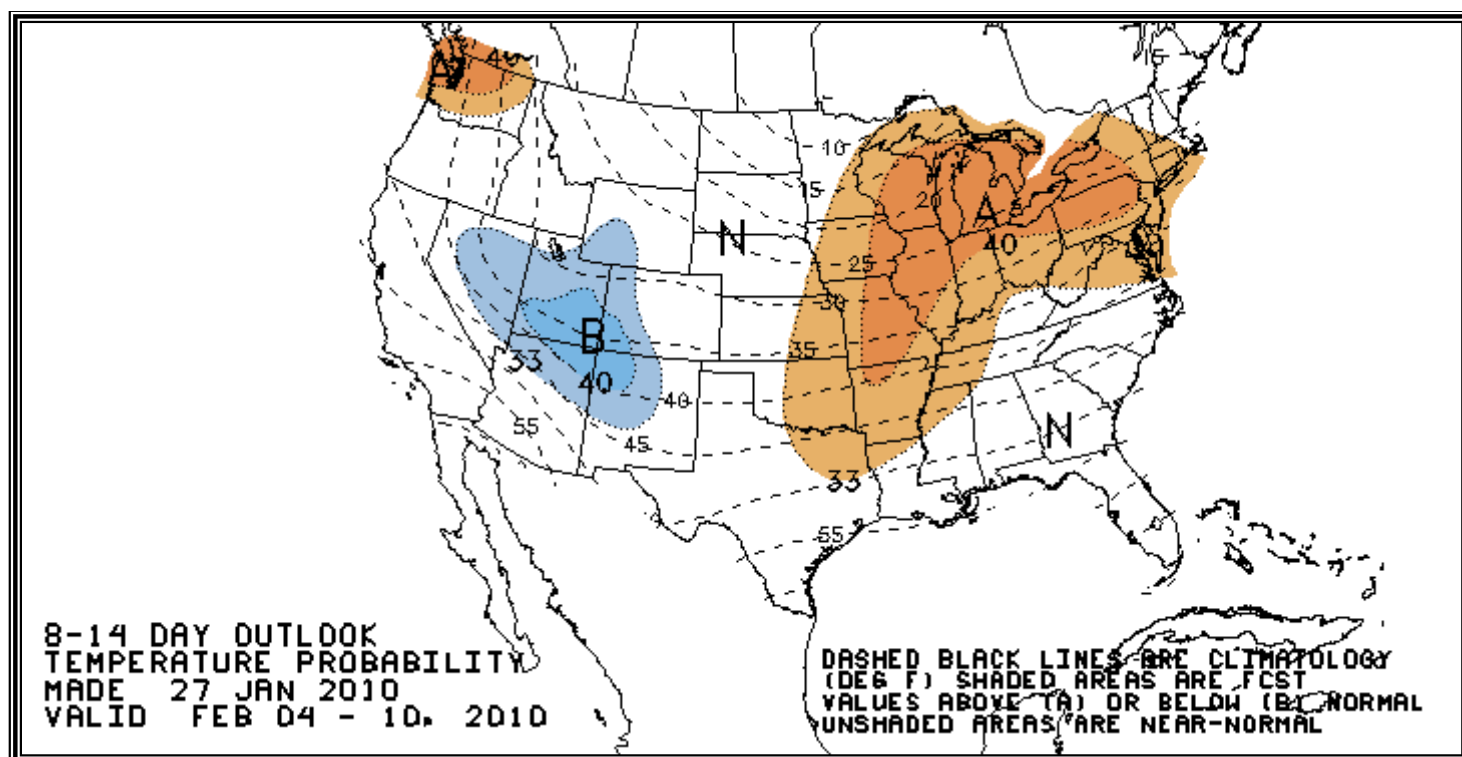
## National Weather Service Climate Prediction Center

### Heating Degree Days 6 - 10 Day Forecast



## National Weather Service Climate Prediction Center

### Heating Degree Days 8 - 14 Day Forecast





# American Gas Association Regions

