



**FUNDAMENTAL  
PETROLEUM  
TRENDS**

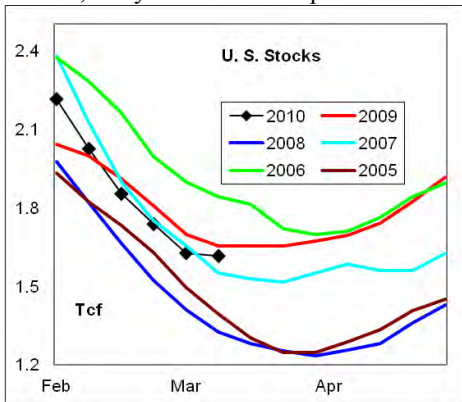
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, March 19, 2010



**Summary**<sup>1</sup> Stocks decreased -11 Bcf last week, a record low draw for the week. Heating degree days were -22% below normal, a 5-year low for the period.



In the East Region stocks declined -19 Bcf, which was a record low draw for the week. The -6 Bcf draw in the West Region matched the mid range. The stock build of +14 Bcf in the Producing Region was a record build for the week.

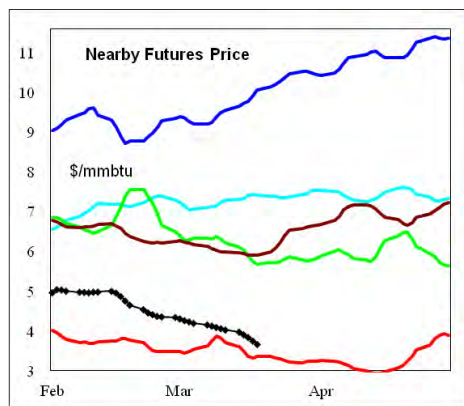
Heating degree days were -27% below normal in the East Region, +4% above normal in the West Region and -14% below normal in the Producing Region for the week ending March 13th.

**Heating degree days** were -22% below normal for the week ending March 13th and forecast to be -27% below normal for the week ending March 20th.

The 6-10 day NWS forecast for the week ending March 28th is warmer than normal in the west and colder than normal in the Great Lakes and south.

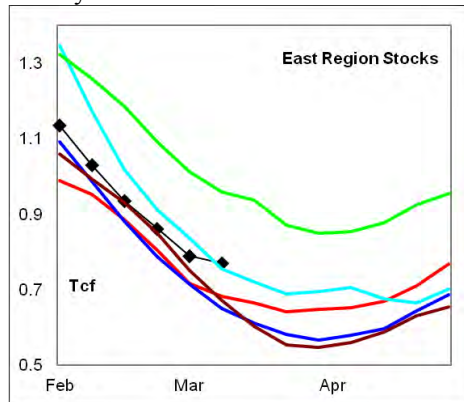
The 8-14 day NWS forecast for the week ending April 1st, is for near warmer than normal in the western 1/2 of the country, and slightly below normal in the Great Lakes and south.

**Prices:** Nearby gas futures prices decreased -\$0.34/mmbtu for the week ending March 19th.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded flat on the week. The spread continues to exhibit a very limited premium for deferred months, an expectation of flat prices into the summer months.

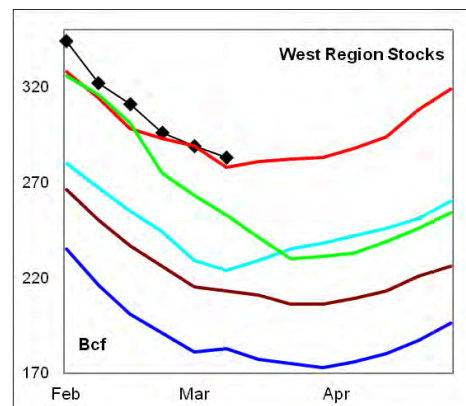
**East Region** stocks decreased -19 Bcf on the week, a record low draw for the period. The latest 4-wk stock draw matched the lowest draw of the last 5-years for the period. Stock levels are above four of the last 5-years.



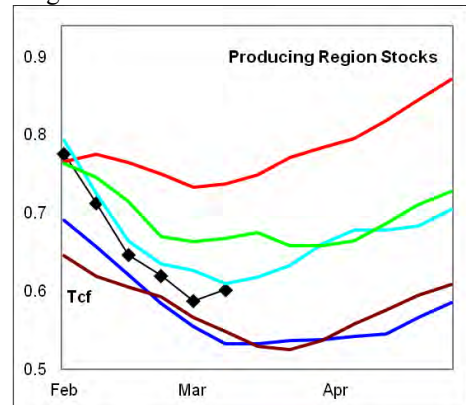
Heating degrees in the region were -27% below normal for the week ending March 13th and are forecast to be -28% below normal for the week ending March 20th. Slightly below normal temperatures are forecast for the next 10-days.

**West Region** stocks decreased -6 Bcf on the week, which matched the mid range for the period. The latest 4-wk stock draw matched the mid range for the period. Stock levels are slightly above the 5-year high.

Heating degree days were +4% above normal for the week ending March 13th, and are forecast to be -39% below normal for the week ending March 20th. Much warmer than normal temperatures are forecast for the next 10-days.



**Producing Region** stocks increased +14 Bcf on the week, which was a record build for the week. The latest 4-wk draw was at the low end of the historic range for the week. Stock levels are near the 5-year mid range.



Heating degree days were -14% below normal for the week ending March 13th, and forecast to be -8% below normal for the week ending March 20th. Slightly colder than normal temperatures are forecast for the next 10 days.

**Residual Fuel Oil Switching:** The price spread between residual fuel oil and natural gas increased to a new record high, in favor of natural gas. Residual fuel oil demand (including exports) was +16% above year ago levels for the latest 4-wk period.

**Outlook:** Heating degree days are forecast to be -27% below normal this week, and remain well below normal for the next 10-days in the western 1/2 of the country with the eastern 1/2 near normal. Carryout stock levels are above the 5-year mid range. These fundamental trends, combined with increased production capacity should keep prices depressed during the 2nd quarter.

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

[Data Source is EIA Weekly Statistics](#)

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

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



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: March 19, 2010

For the week ending: 12-Mar-10

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

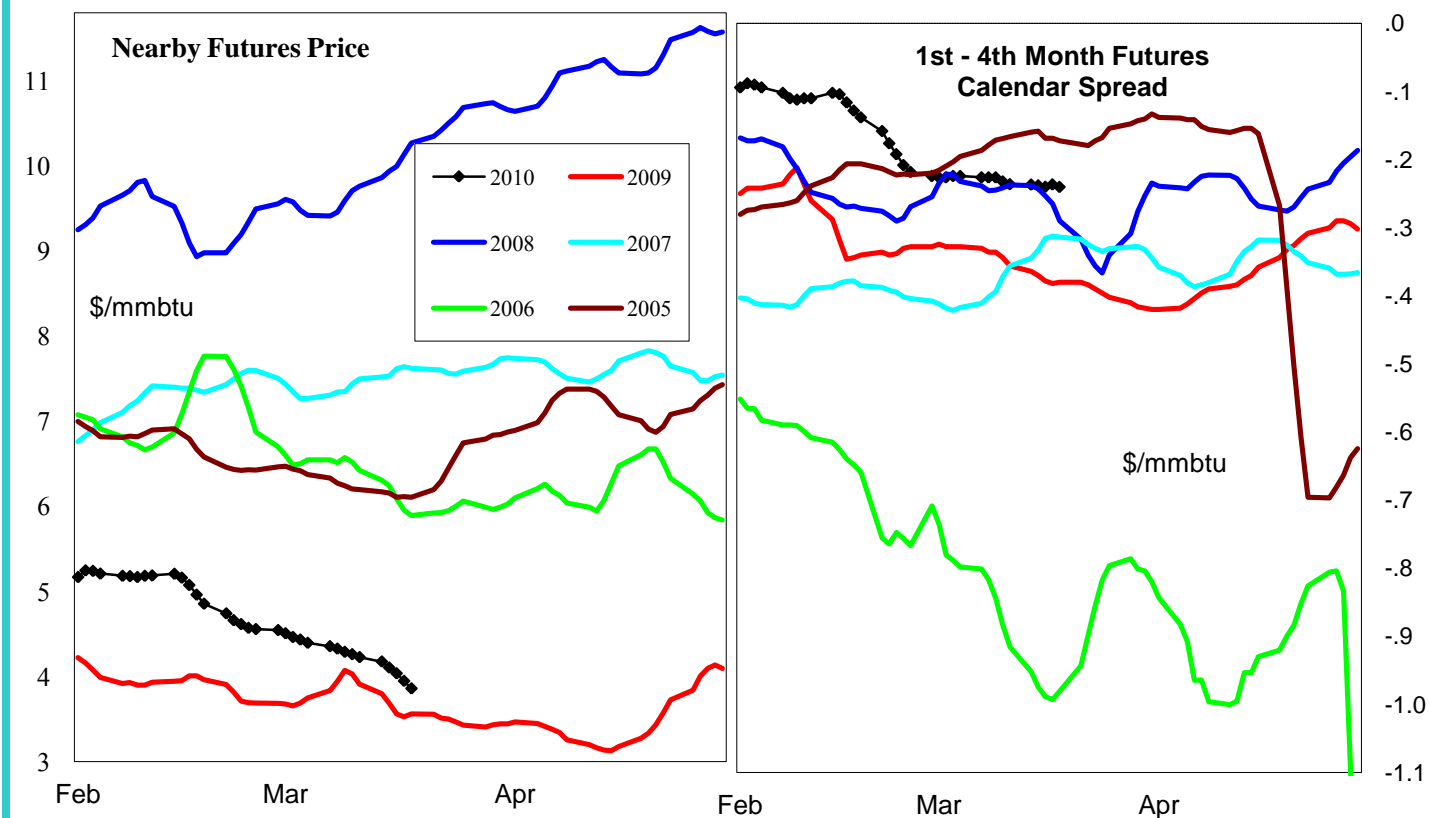
Week ending:	12-Mar-10			6-Mar-10		13-Mar-10		20-Mar-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,615	-11	-2.4	-25	6%	-61	-22%	-20	-27%
East	770	-19	13.1	-22	4%	-74	-27%	-15	-28%
West	283	-6	1.8	-30	0%	-2	4%	-72	-39%
Producing	562	14	-19.4	-31	30%	-54	-14%	-5	-8%

### Seasonal Trends in Stocks and Heating Degree Days

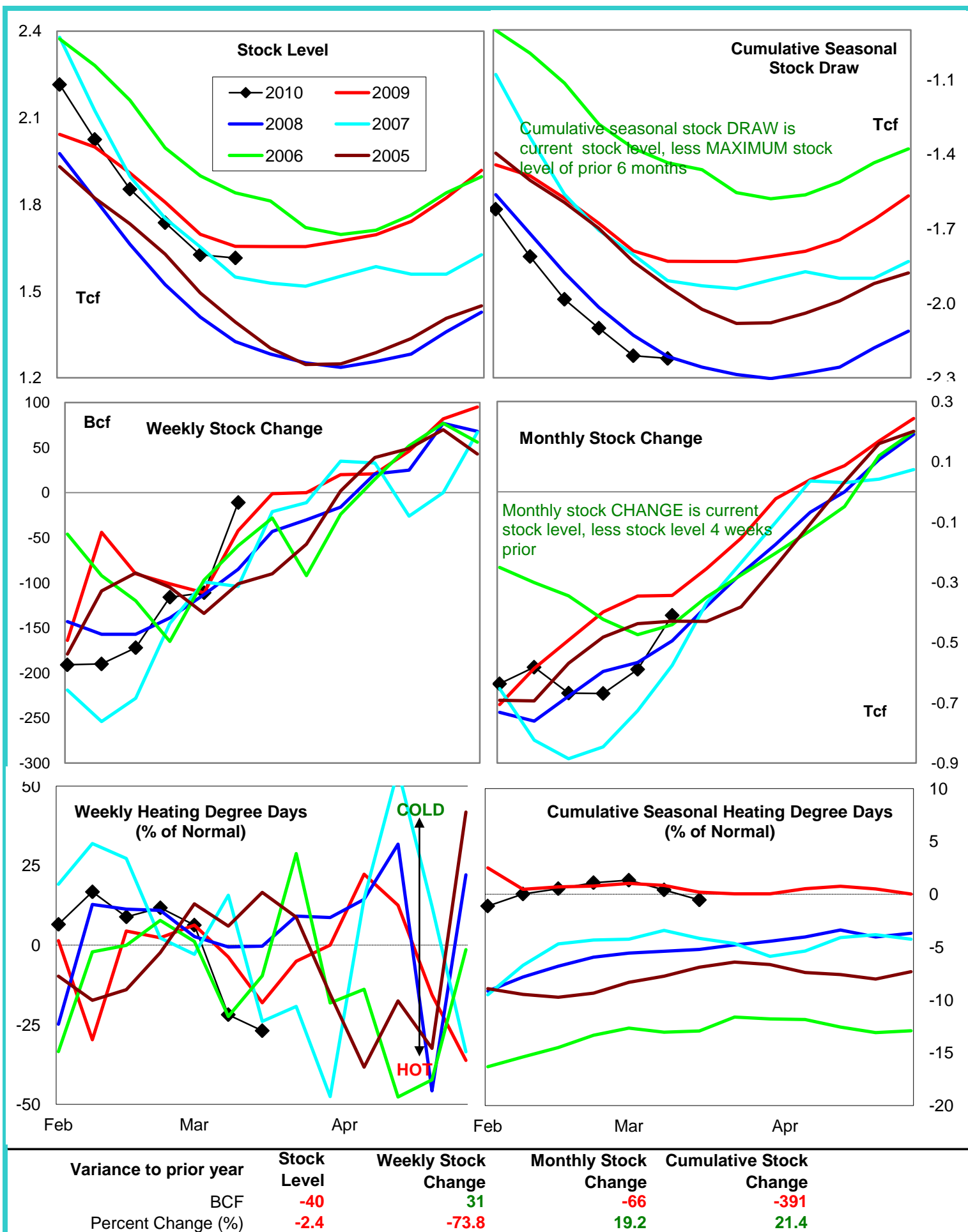
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-2,222</b>	<b>-391</b>	<b>17.6</b>	<b>191</b>	<b>1.3</b>	<b>129</b>	<b>0.4</b>	<b>110</b>	<b>-0.5</b>
<b>East</b>	<b>-1,331</b>	<b>29</b>	<b>-2.2</b>	<b>213</b>	<b>0.1</b>	<b>139</b>	<b>-1.0</b>	<b>124</b>	<b>-1.9</b>
<b>West</b>	<b>-243</b>	<b>-49</b>	<b>20.2</b>	<b>164</b>	<b>-3.0</b>	<b>161</b>	<b>-2.7</b>	<b>89</b>	<b>-4.0</b>
<b>Producing</b>	<b>-657</b>	<b>-382</b>	<b>58.1</b>	<b>131</b>	<b>12.7</b>	<b>78</b>	<b>11.7</b>	<b>72</b>	<b>11.2</b>

### Futures Market Price Trends

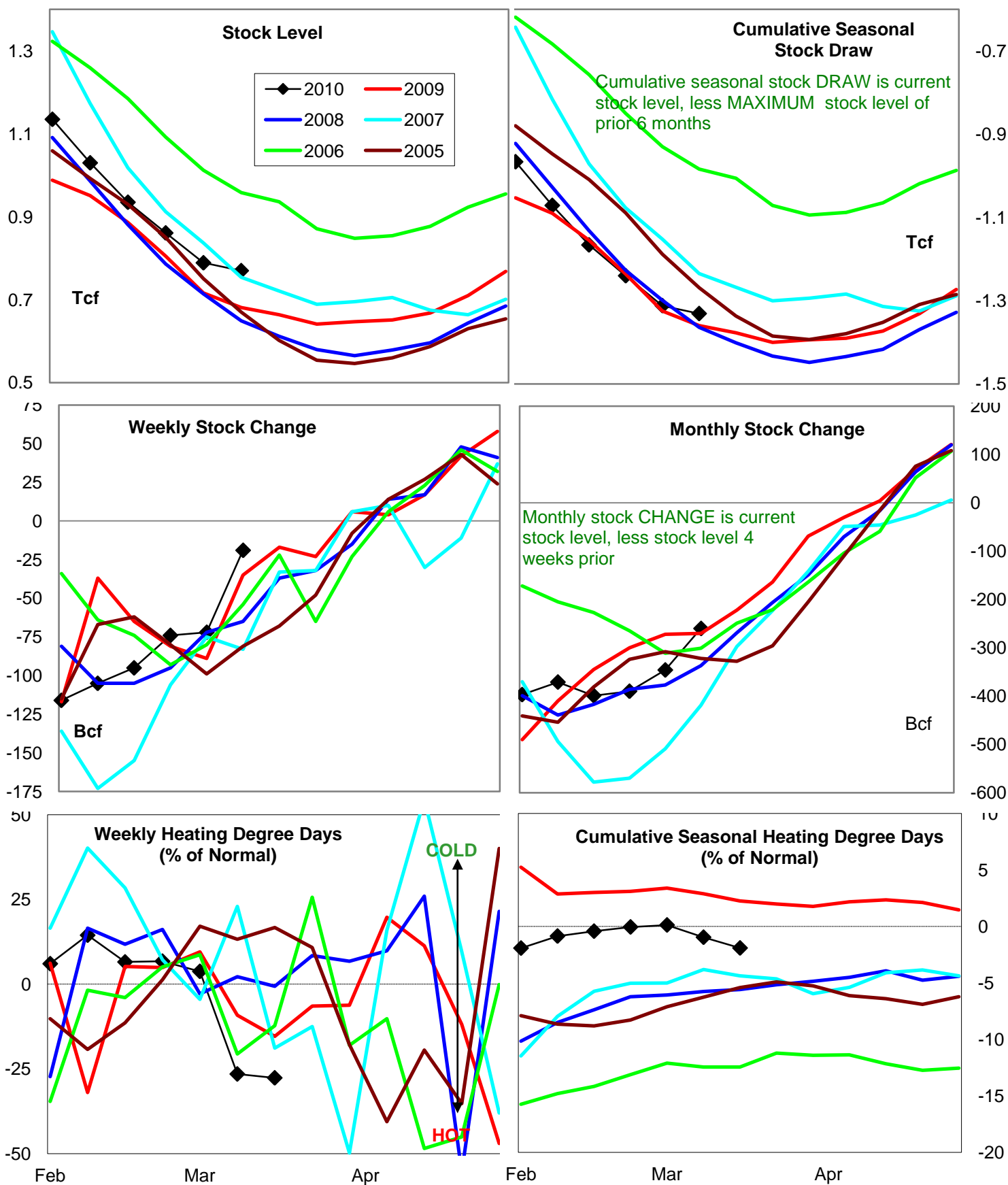
Date:	30-Apr-10	Change vs prior week, month, year		
		26-Apr-10	5-Apr-10	30-Apr-09
<b>1st month Futures</b>	<b>4.06</b>	<b>-0.33</b>	<b>-0.84</b>	<b>0.28</b>
<b>% change</b>	<b>xxxxx</b>	<b>-7.5</b>	<b>-17.1</b>	<b>7.4</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

89

16

10

29

Percent Change (%)

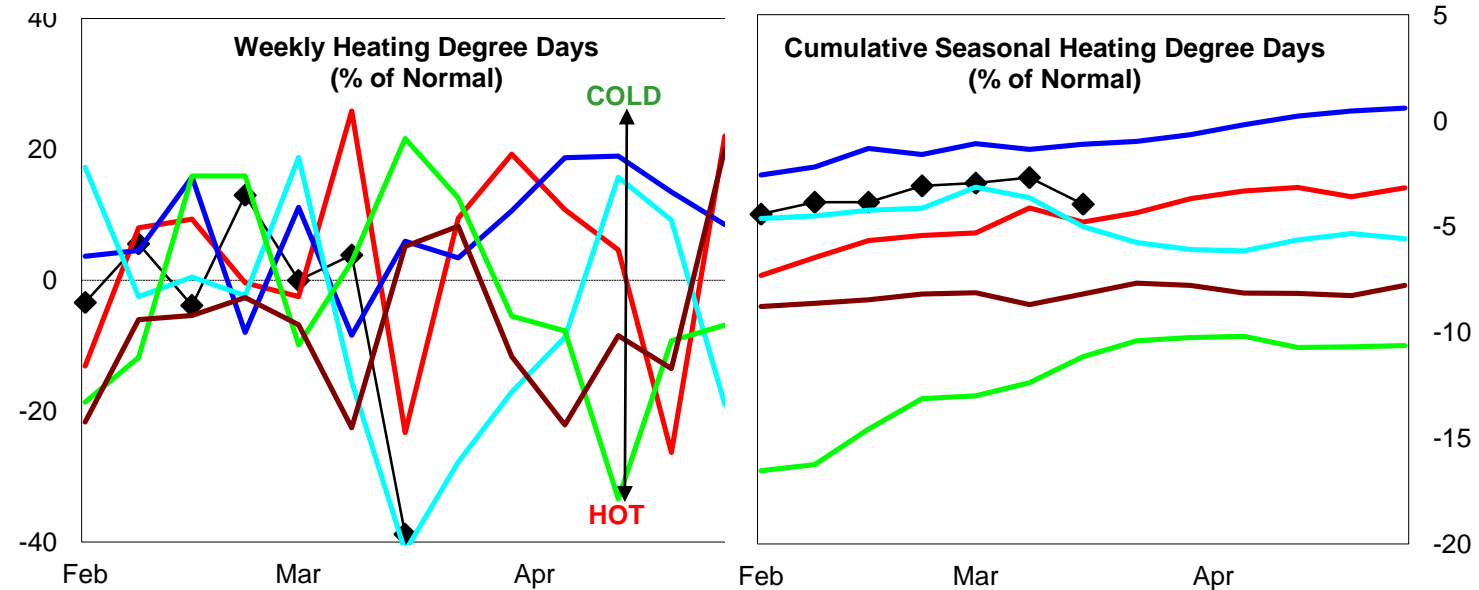
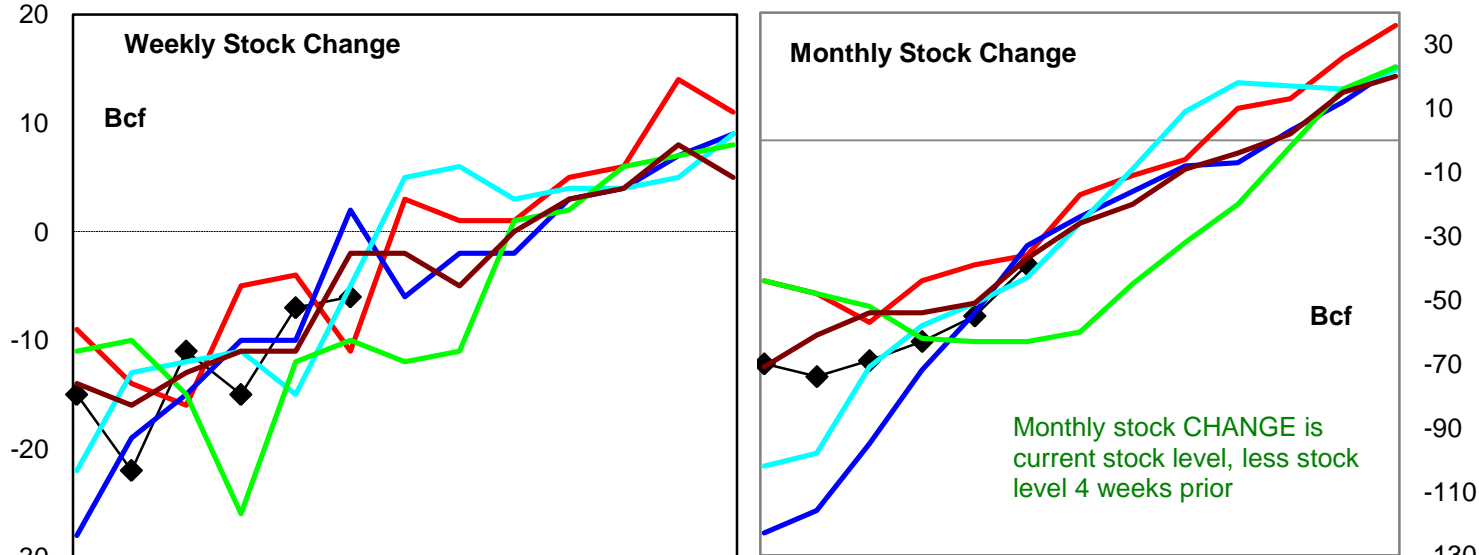
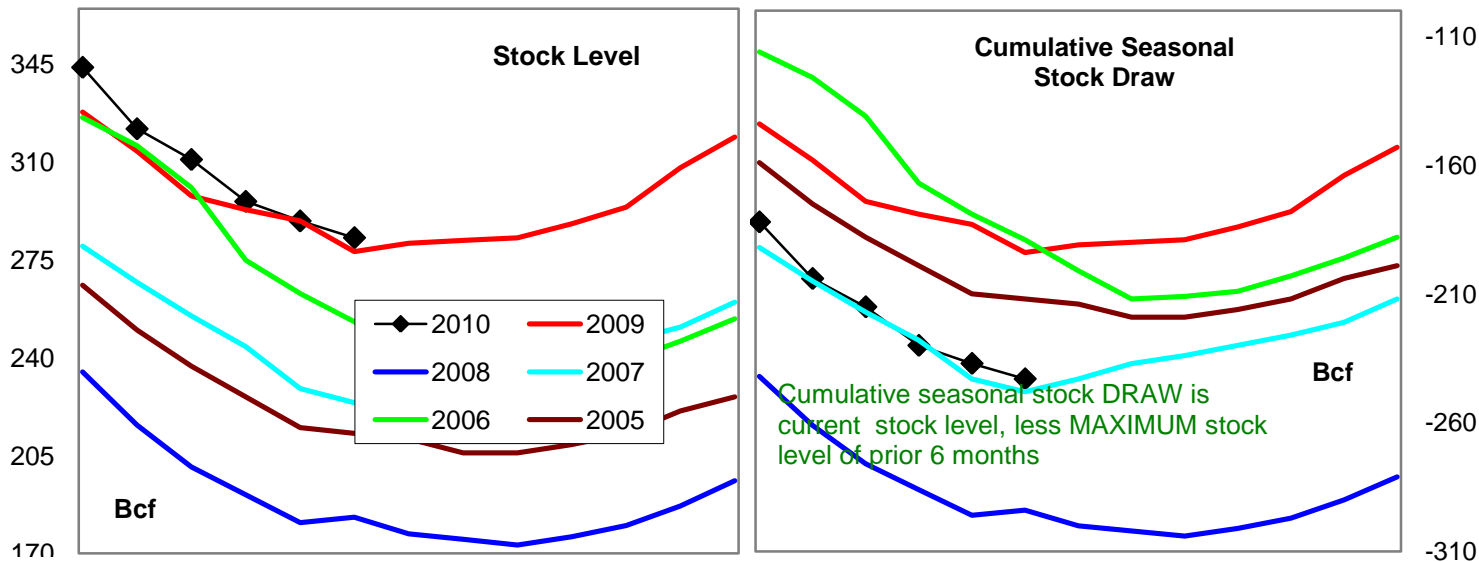
13.1

-45.7

-3.7

-2.1

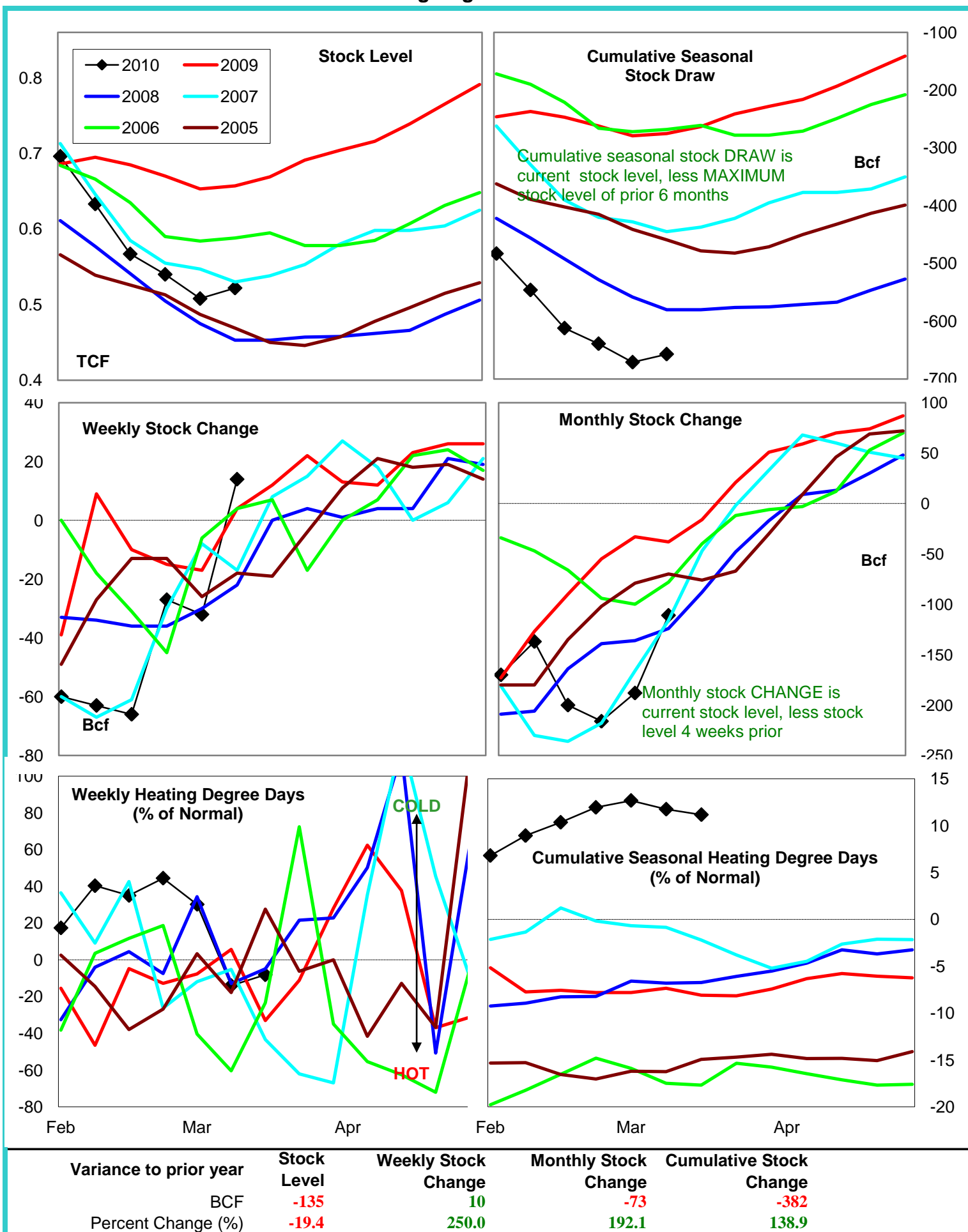
# Natural Gas West Region Stock and Weather Trends



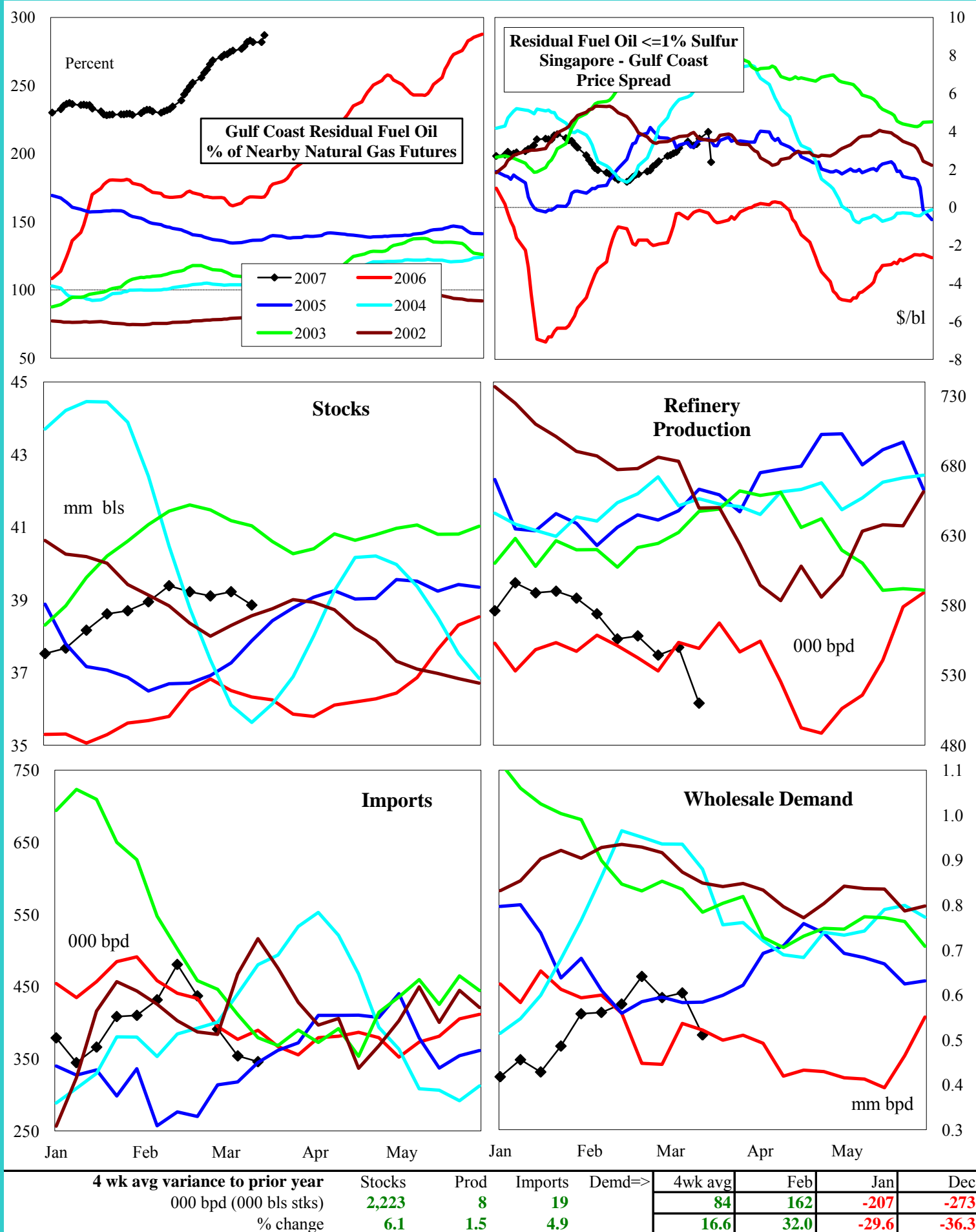
Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	5	5	-3	-49
Percent Change (%)	1.8	-45.5	8.3	25.3



# Natural Gas Producing Region Stock and Weather Trends

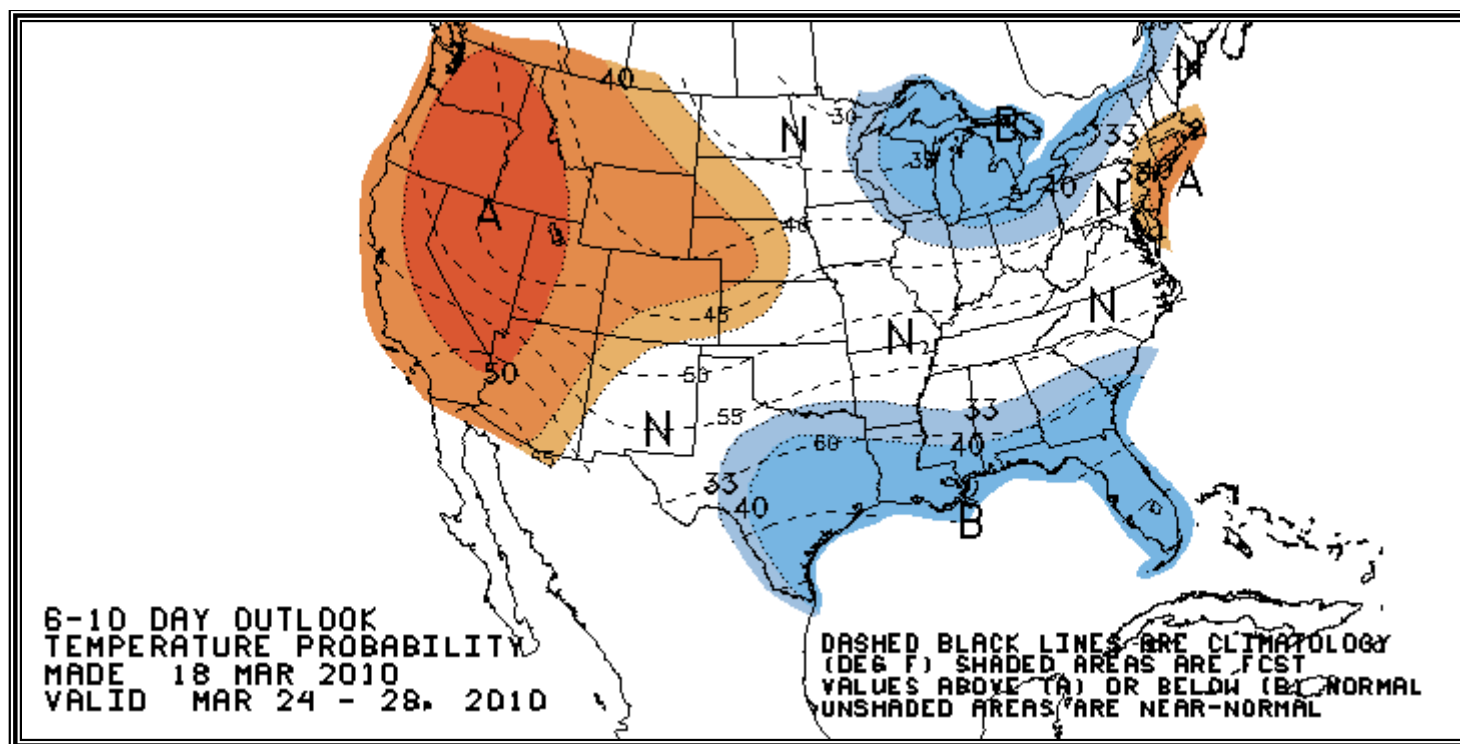


# U.S. Residual Fuel Oil Price Spreads and Supply Balance



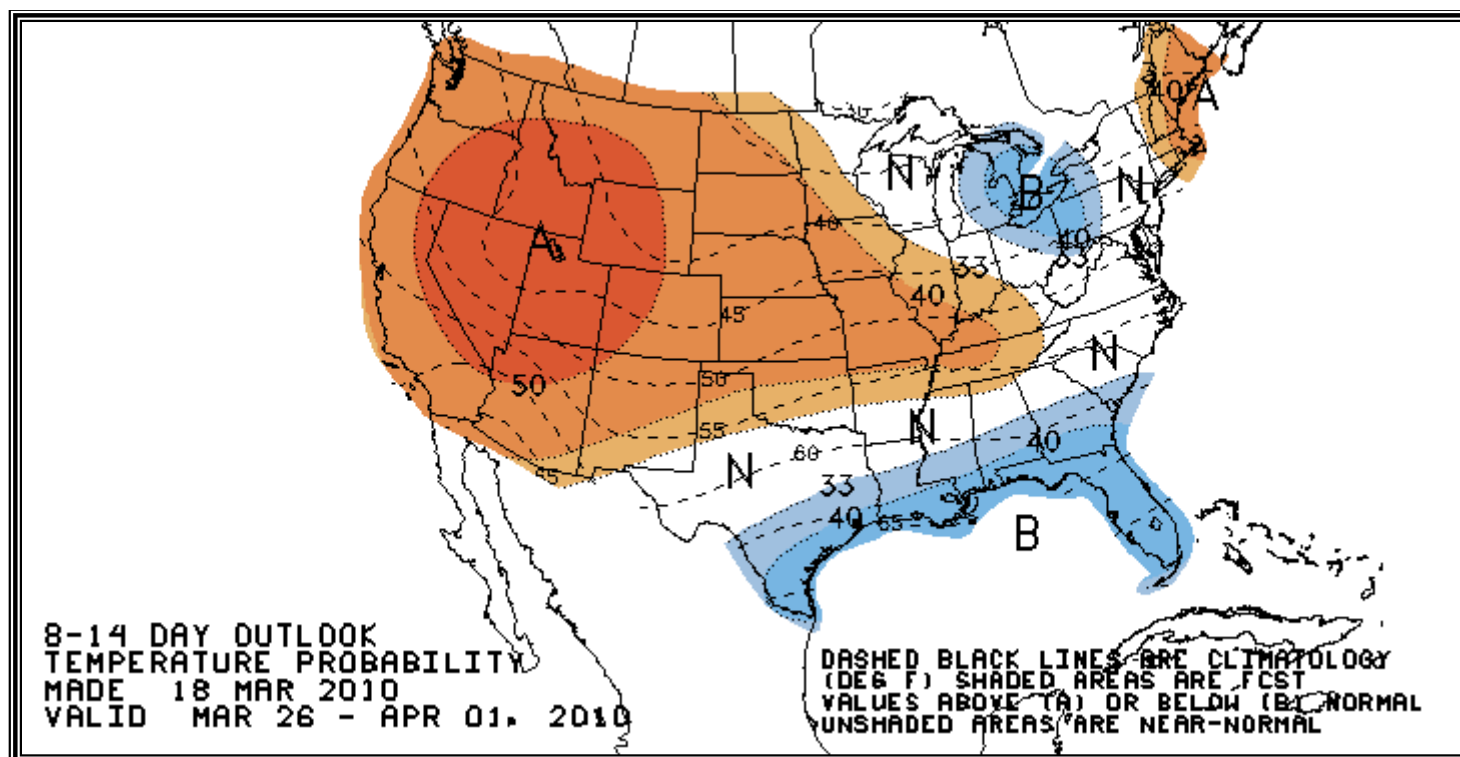
## National Weather Service Climate Prediction Center Cooling

## Degree Days 6 - 10 Day Forecast



## National Weather Service Climate Prediction Center Cooling

## Degree Days 8 - 14 Day Forecast





# American Gas Association Regions

