

**FUNDAMENTAL  
PETROLEUM  
TRENDS**

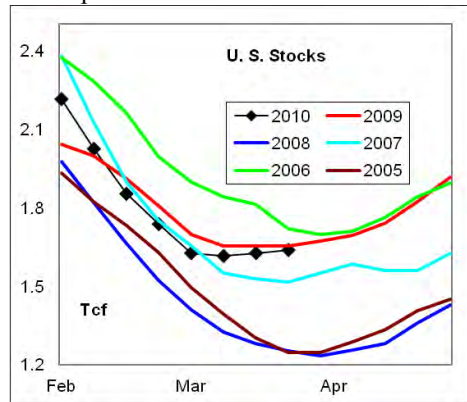
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, April 05, 2010



**Summary**<sup>1</sup> Stocks increased +12 Bcf last week, a record build for the week. Heating degree days were only -4% below normal, which points to continued weak demand.



In the East Region stocks declined -7 Bcf, which was the third consecutive weekly record low draw. The +4 Bcf build in the West Region was a build greater than four of the last five years for the period. The stock build of +15 Bcf in the Producing Region was above average for the week.

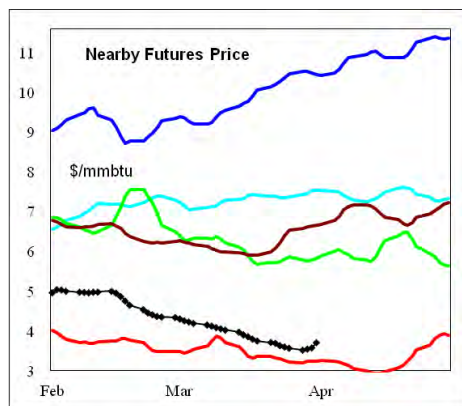
Heating degree days were -9% below normal in the East Region, -6% below normal in the West Region and +38% above normal in the Producing Region for the week ending March 27th.

**Heating degree days** were -4% below normal for the week ending March 27th and forecast to be -40% below normal for the week ending April 3rd.

The 6-10 day NWS forecast for the week ending April 14th is for warmer than normal temperatures in the central 1/3rd of the country, normal in the East and cooler than normal on the west coast.

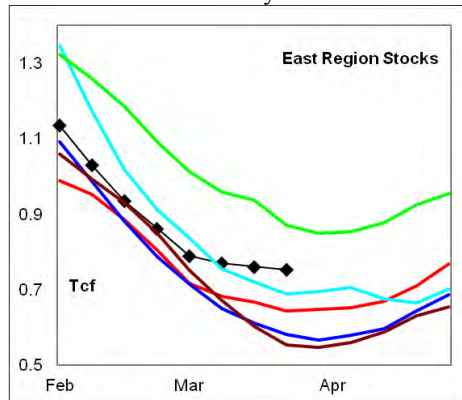
The 8-14 day NWS forecast for the week ending April 18th, is for warmer than normal around the great lakes and northeast, cooler than normal in the west and normal elsewhere.

**Prices:** Nearby gas futures prices increased +\$0.10/mmbtu for the week ending April 1st.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended lower on the week in favor of the deferred months. The relatively flat forward price combined with the low price level points to lowered longer term price expectations.

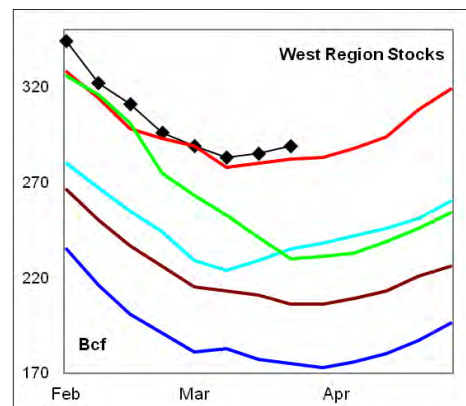
**East Region** stocks decreased -7 Bcf on the week, a record low draw for the third consecutive week. The latest 4-wk stock draw was a record low draw for the period during the last 5-yrs. Stock levels are above four of the last 5-years.



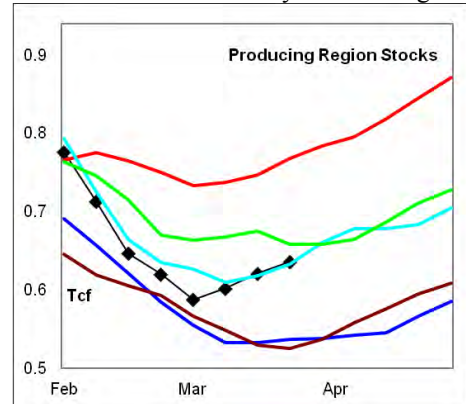
Heating degrees in the region were -9% below normal for the week ending March 27th and were to be -44% below normal for the week ending April 3rd. Slightly above normal temperatures are forecast for the next 10-days.

**West Region** stocks increased +4 Bcf on the week, which was above four of the last five years for the period. The latest 4-wk stock draw matched the 5-year high for the period. Stock levels are at a new 5-year high for the period.

Heating degree days were -6% below normal for the week ending March 27th, and were -25% below normal for the week ending April 3rd. Cooler than normal temperatures are forecast for the next 10-days.



**Producing Region** stocks increased +15 Bcf on the week, which was above average for the week. The latest 4-wk build matched the 5-year high for the period. Stock levels match the 5-year mid range.



Heating degree days were +38% above normal for the week ending March 27th, and -26% below normal for the week ending April 3rd. Near 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 +3% above year ago levels for the latest 4-wk period.

**Outlook:** The 4-wk stock draw has been a record low for each of the past two weeks, driven by extremely low heating degree days during the entire month of March. Carry out stocks are at the upper end of the 5-year range. A weak economy and strong production should lead to rapid stock building in the spring quarter, depressing prices from all ready low levels.

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

[Data Source is EIA Weekly Statistics](http://Data Source is EIA Weekly Statistics)

[National Weather Service 6-10 Day](http://National Weather Service 6-10 Day)

[National Weather Service 10-14 Day](http://National Weather Service 10-14 Day)



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: April 1, 2010

For the week ending: 26-Mar-10

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

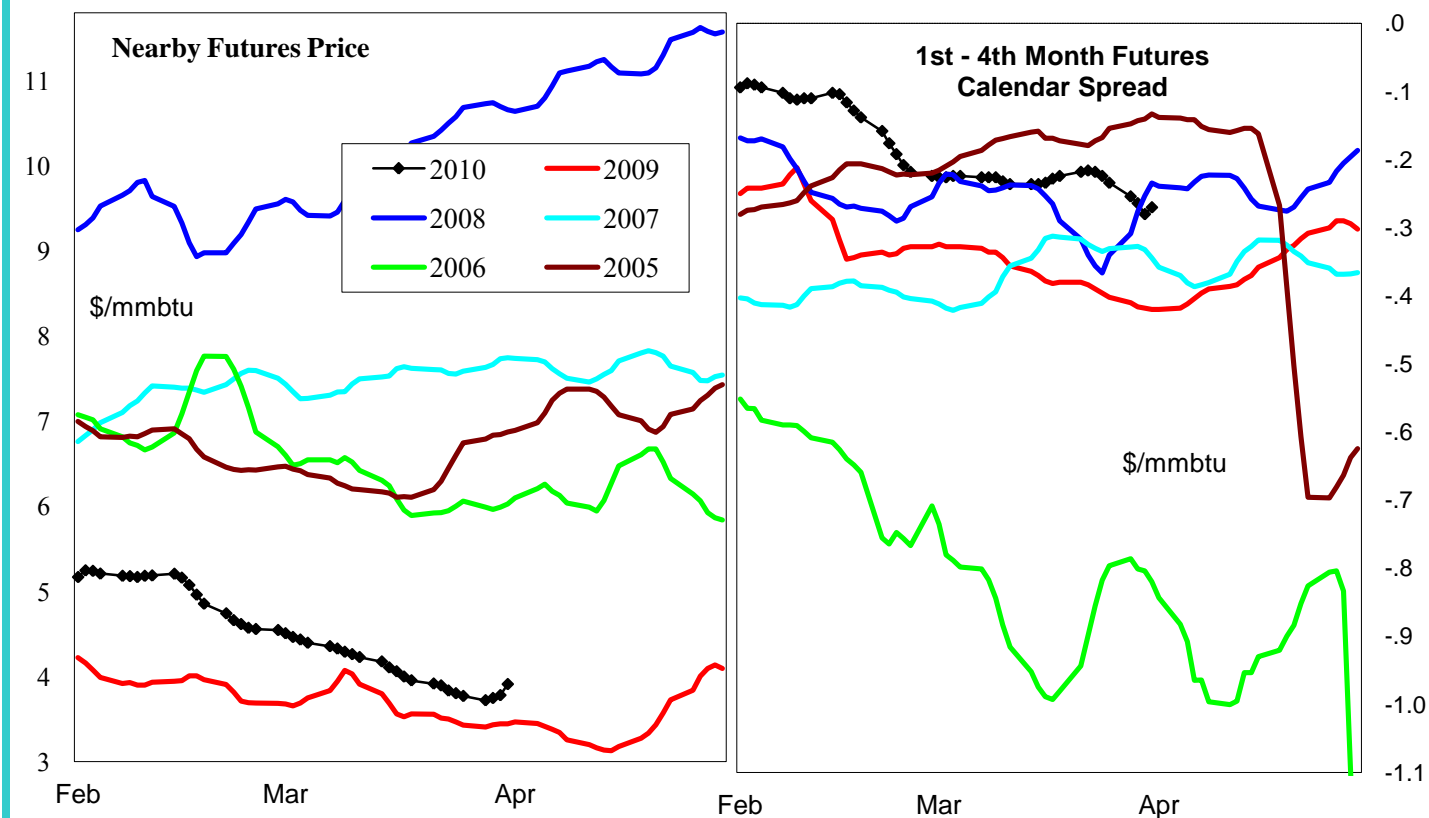
Week ending:	26-Mar-10			20-Mar-10		27-Mar-10		3-Apr-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,638	12	-1.0	-13	-23%	14	-4%	-57	-40%
East	753	-7	16.9	-16	-29%	18	-9%	-63	-44%
West	289	4	2.5	-45	-20%	12	-6%	-34	-25%
Producing	596	15	-18.1	17	21%	-2	38%	-51	-26%

### Seasonal Trends in Stocks and Heating Degree Days

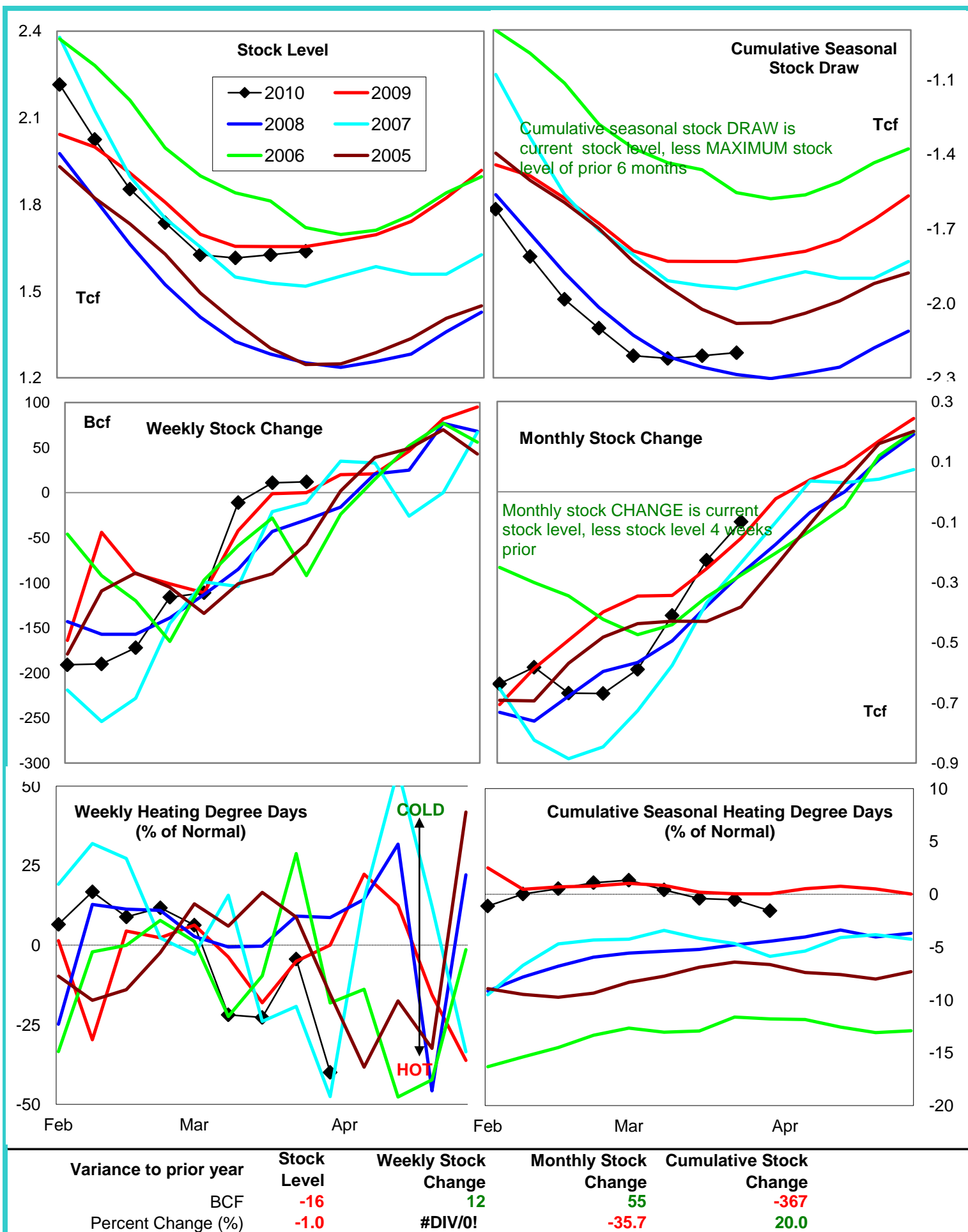
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-2,199</b>	<b>-367</b>	<b>16.7</b>	<b>117</b>	<b>-0.4</b>	<b>130</b>	<b>-0.5</b>	<b>73</b>	<b>-1.6</b>
<b>East</b>	<b>-1,348</b>	<b>49</b>	<b>-3.6</b>	<b>123</b>	<b>-2.0</b>	<b>141</b>	<b>-2.2</b>	<b>78</b>	<b>-3.3</b>
<b>West</b>	<b>-237</b>	<b>-47</b>	<b>19.8</b>	<b>117</b>	<b>-3.3</b>	<b>128</b>	<b>-3.4</b>	<b>95</b>	<b>-4.0</b>
<b>Producing</b>	<b>-623</b>	<b>-379</b>	<b>60.8</b>	<b>95</b>	<b>12.0</b>	<b>93</b>	<b>12.7</b>	<b>43</b>	<b>11.9</b>

### Futures Market Price Trends

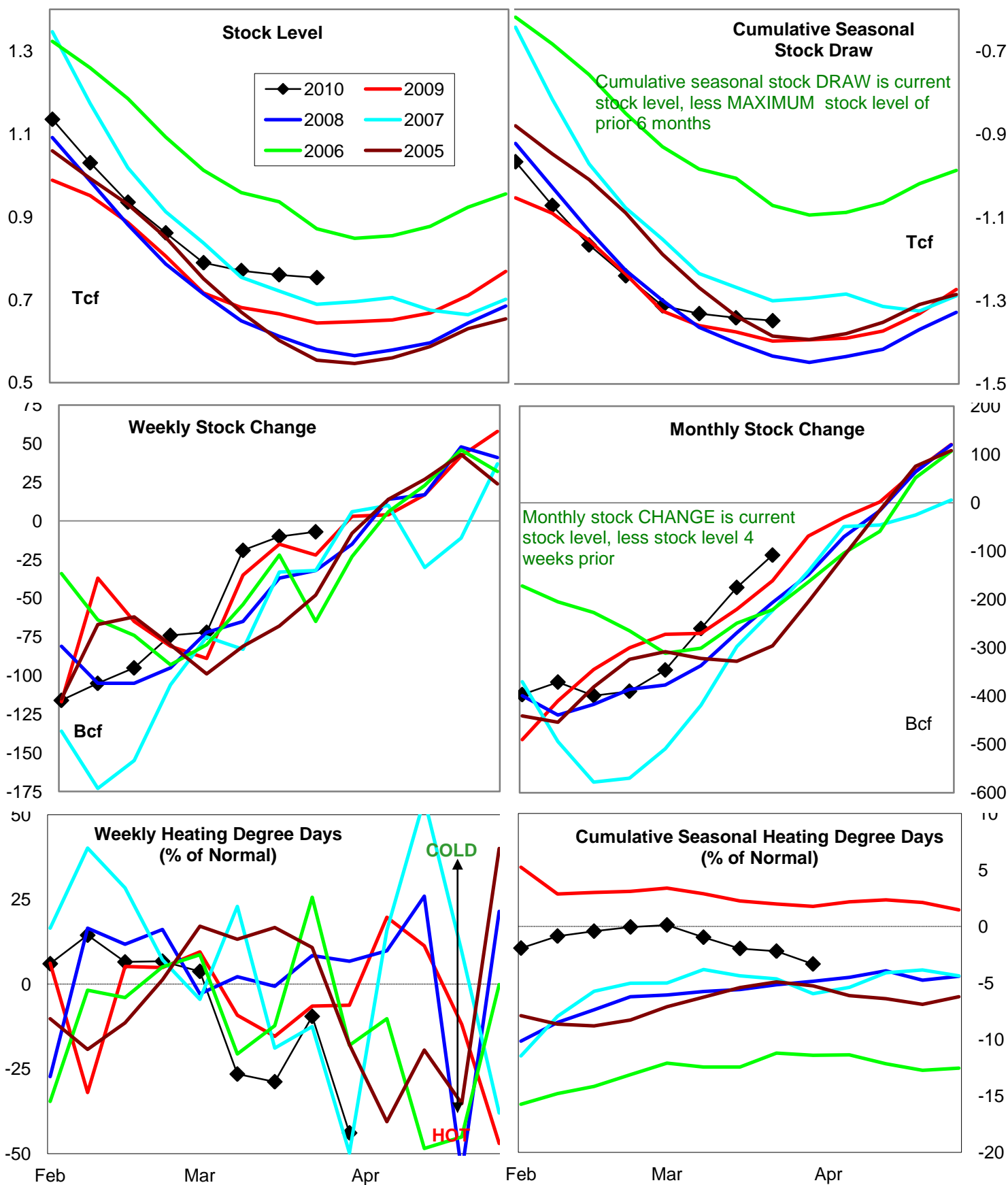
Date:	30-Apr-10	Change vs prior week, month, year		
		26-Apr-10	5-Apr-10	30-Apr-09
<b>1st month Futures</b>	<b>4.11</b>	<b>0.24</b>	<b>-0.48</b>	<b>0.42</b>
<b>% change</b>	<b>xxxxx</b>	<b>6.2</b>	<b>-10.5</b>	<b>11.4</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock Level

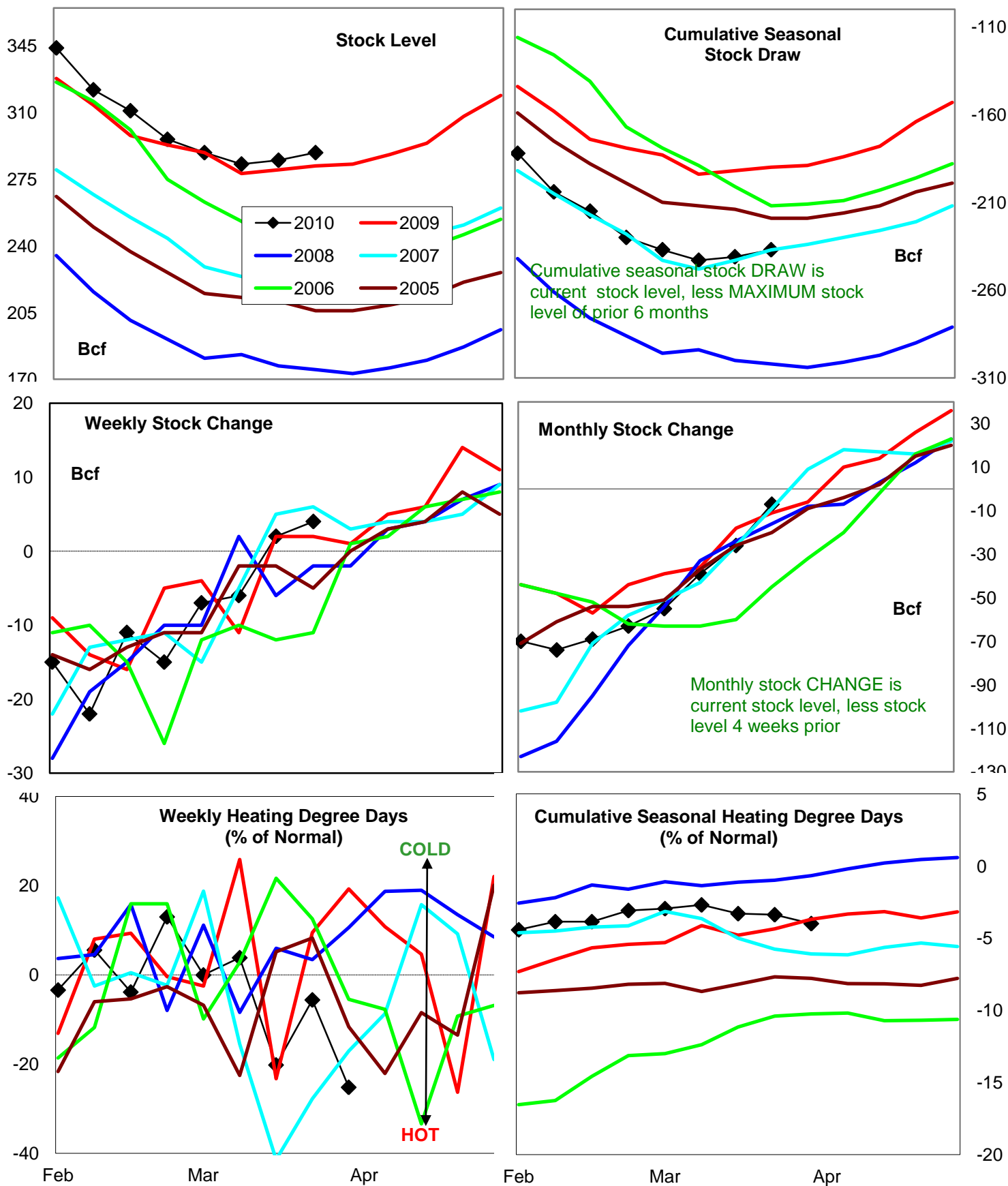
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)109  
16.915  
-68.253  
-32.949  
-3.5

# Natural Gas West Region Stock and Weather Trends

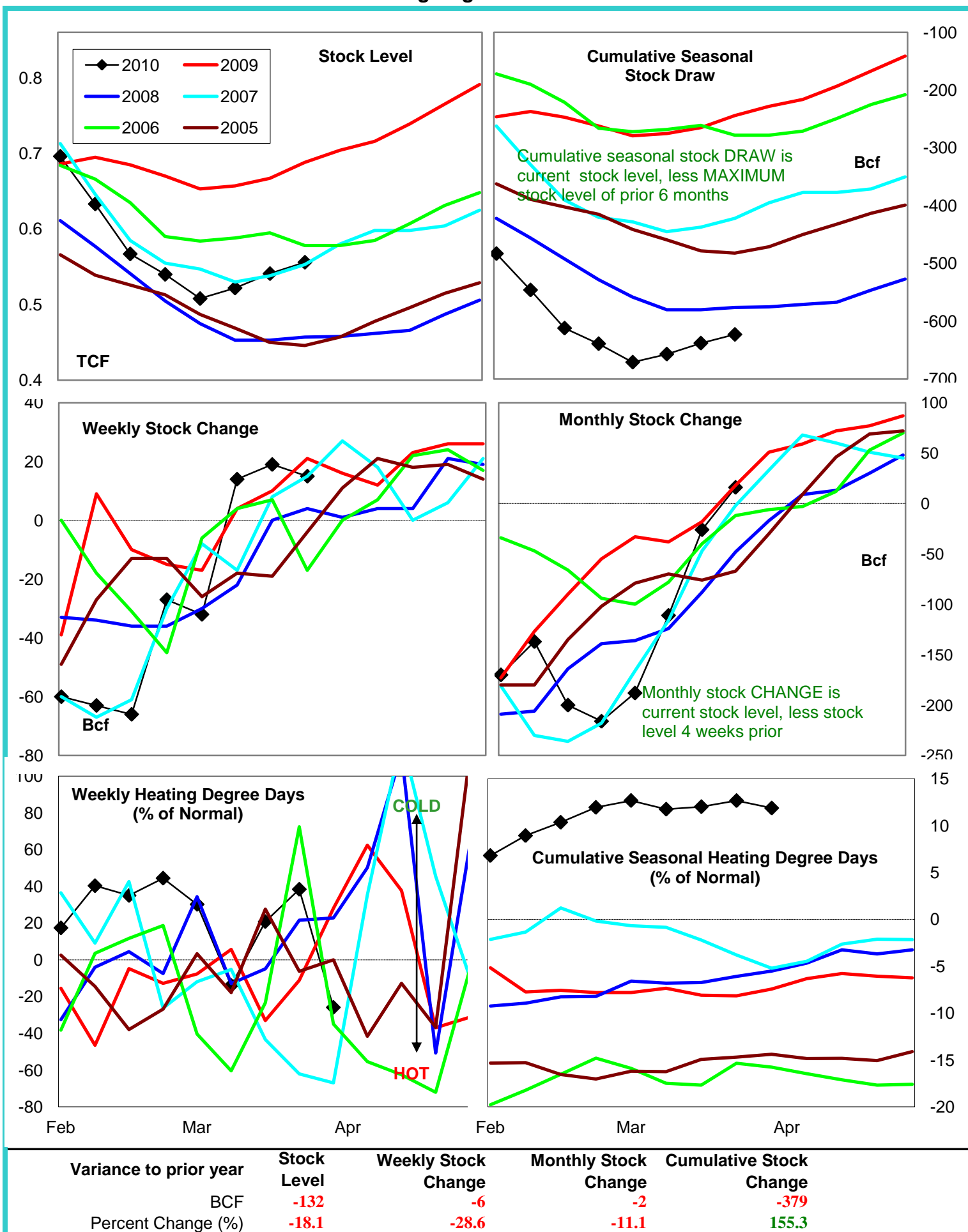


Variance to prior year

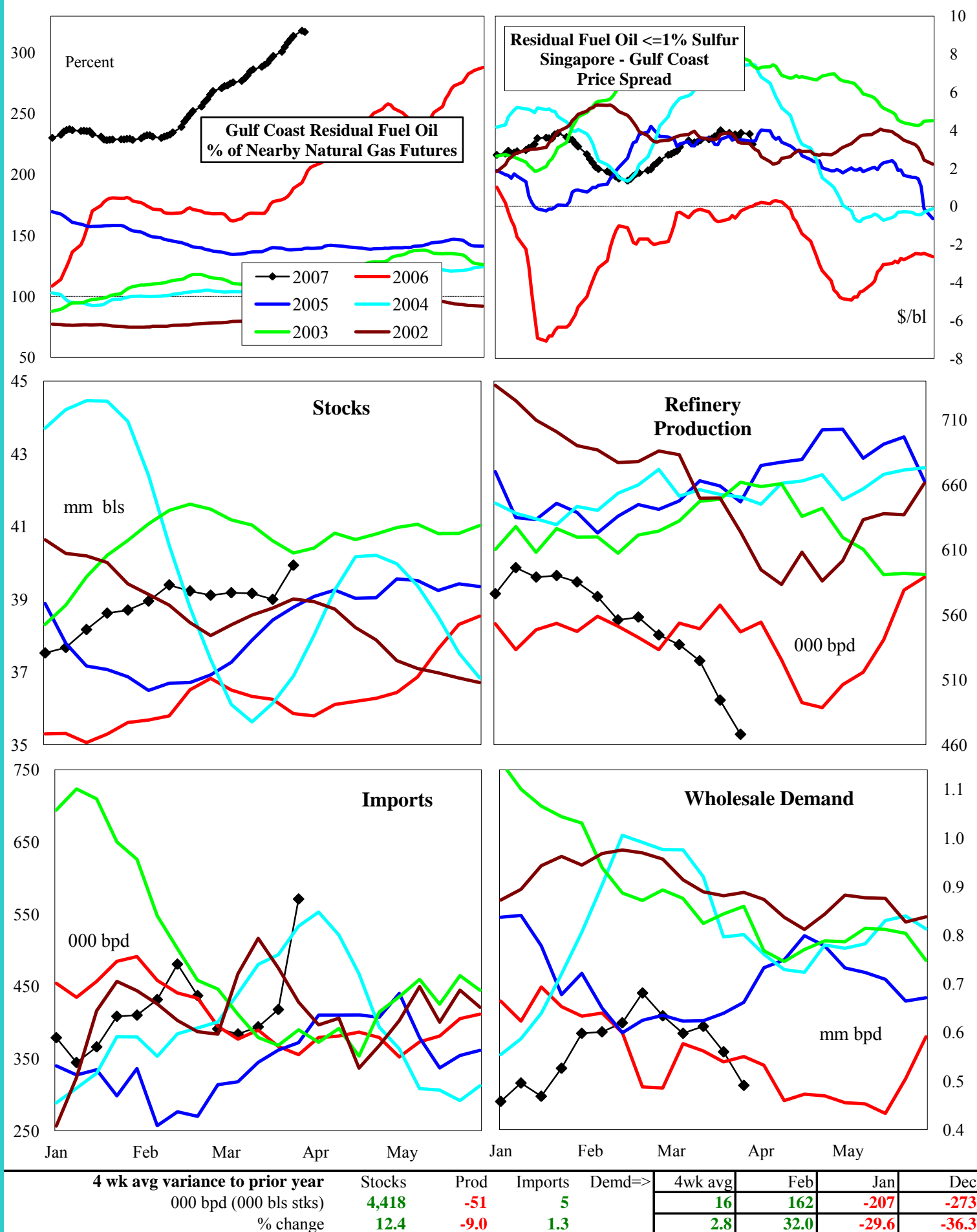
Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)7  
2.52  
100.04  
-36.4-47  
24.7



# Natural Gas Producing Region Stock and Weather Trends

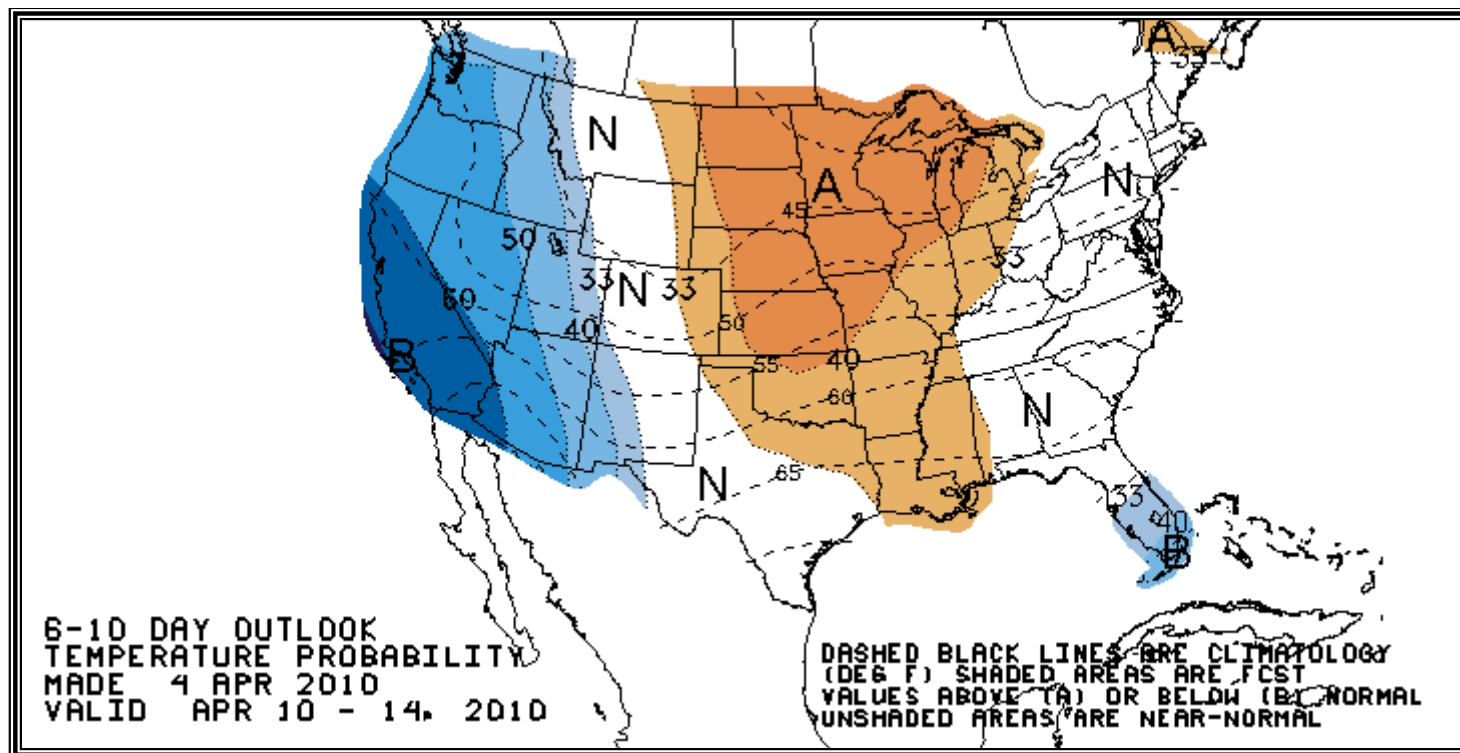


# U.S. Residual Fuel Oil Price Spreads and Supply Balance



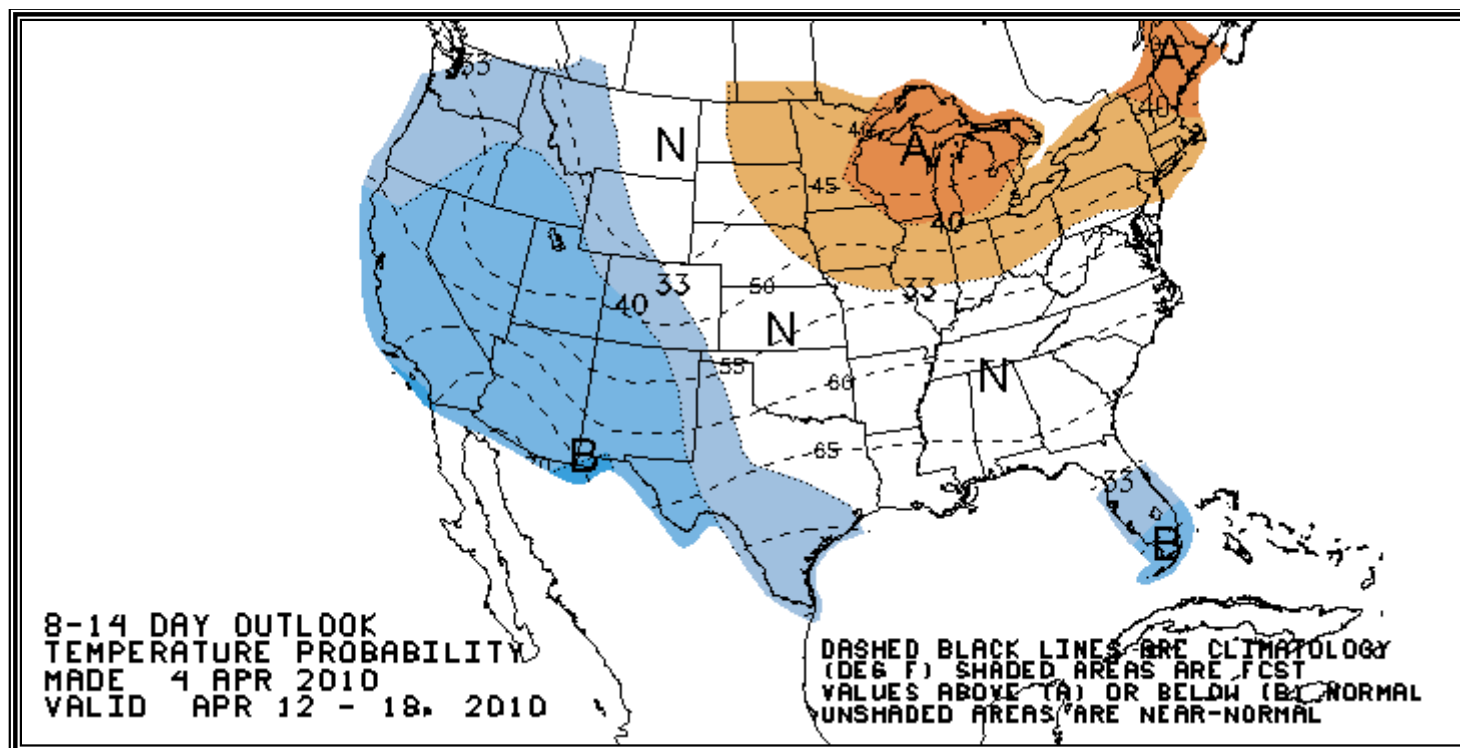
## National Weather Service Climate Prediction Center Cooling

## Degree Days 6 - 10 Day Forecast



## National Weather Service Climate Prediction Center Cooling

## Degree Days 8 - 14 Day Forecast





# American Gas Association Regions

