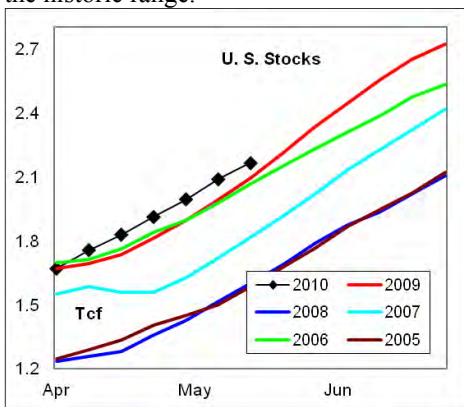




**Summary**<sup>1</sup> Stocks increased +76 Bcf last week, a level below the 5-year range for the week. Heating degree days +50% above normal in the East Region led to the lower stock build; with builds in the Producing and West Regions each above the historic range.



In the East Region stocks increased +34 Bcf, which was well below the historic range for the period. The +15 Bcf build in the West Region was a record build for the week. The stock build of +27 Bcf in the Producing Region was also a record build for the period.

Heating degree days were +50% above normal in the East Region, +40% above normal in the West Region and +56% above normal in the Producing Region for the week ending May 15th.

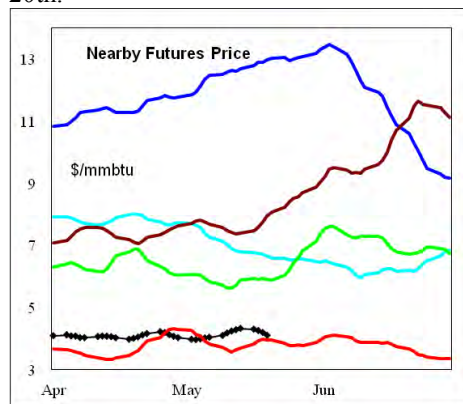
**Heating degree days** were +49% above normal for the week ending May 15th and forecast to be -26% below normal for the week ending May 22nd.

The 6-10 day NWS forecast for the week ending May 30th is for warmer than normal temperatures across the central 1/2 of the country and near normal temperatures in other areas.

The 8-14 day NWS forecast for the week ending June 03rd is for warmer than normal temperatures in the Midwest and near normal temperatures elsewhere.

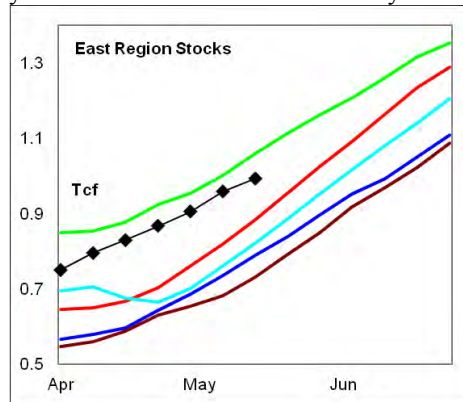
**Prices:** Nearby gas futures prices decreased -\$0.23/mmbtu for the week ending May

20th.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended higher on the week. The forward curve matches the high set in 2008 for the period. The flat forward price curve, even with very low price levels, reflects market expectations of ample supplies for future months.

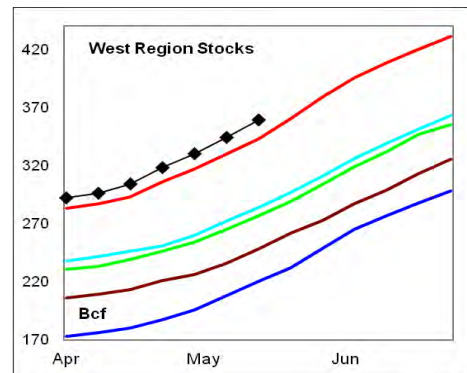
**East Region** stocks increased +34 Bcf on the week, which was below the historic range for the period. The latest 4-wk stock build was below the mid range for the week. Stock levels were +12% above last year and above four of the last five years.



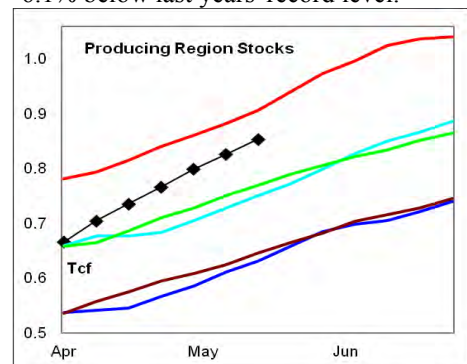
Heating degrees in the region were +50% above normal for the week ending May 15th and forecast to be -23% below normal for the week ending May 22nd. Warmer than normal temperatures are forecast for the next 10-days.

**West Region** stocks increased +15 Bcf on the week, which was the 5th consecutive weekly stock build. The latest 4-wk stock build was above the historic range. Stock levels are +4.7% above the prior 5-year high.

Heating degree days were +40% above normal for the week ending May 15th, and forecast to be -40% below normal for the week ending May 22nd. Cooler than normal temperatures are forecast for the next 10-days.



**Producing Region** stocks increased +27 Bcf on the week, another record weekly build. The latest 4-wk stock build was a record high for the period. Stock levels are -6.1% below last years' record level.



Heating degree days were +56% above normal for the week ending May 15th, and forecast to be -16% below normal for the week ending May 22nd. 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 extended the recent downtrend last week on continued weakness in residual fuel prices and strength in natural gas prices. The spread remains extremely favorable for natural gas substitution. Residual fuel oil demand (including exports) was +8% above year ago levels for the latest 4-wk period.

**Outlook:** Very cool temperatures in the East Region last week limited the stock build to below the historic range. However, stock building in the Producing and West Regions continued at a record rate. Moderate temperatures through month end should support a return to a high rate of stock building. Combined with risk of slowing growth in the global economy, prices should trade within the recent range.

<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: May 21, 2010

For the week ending: 14-May-10

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

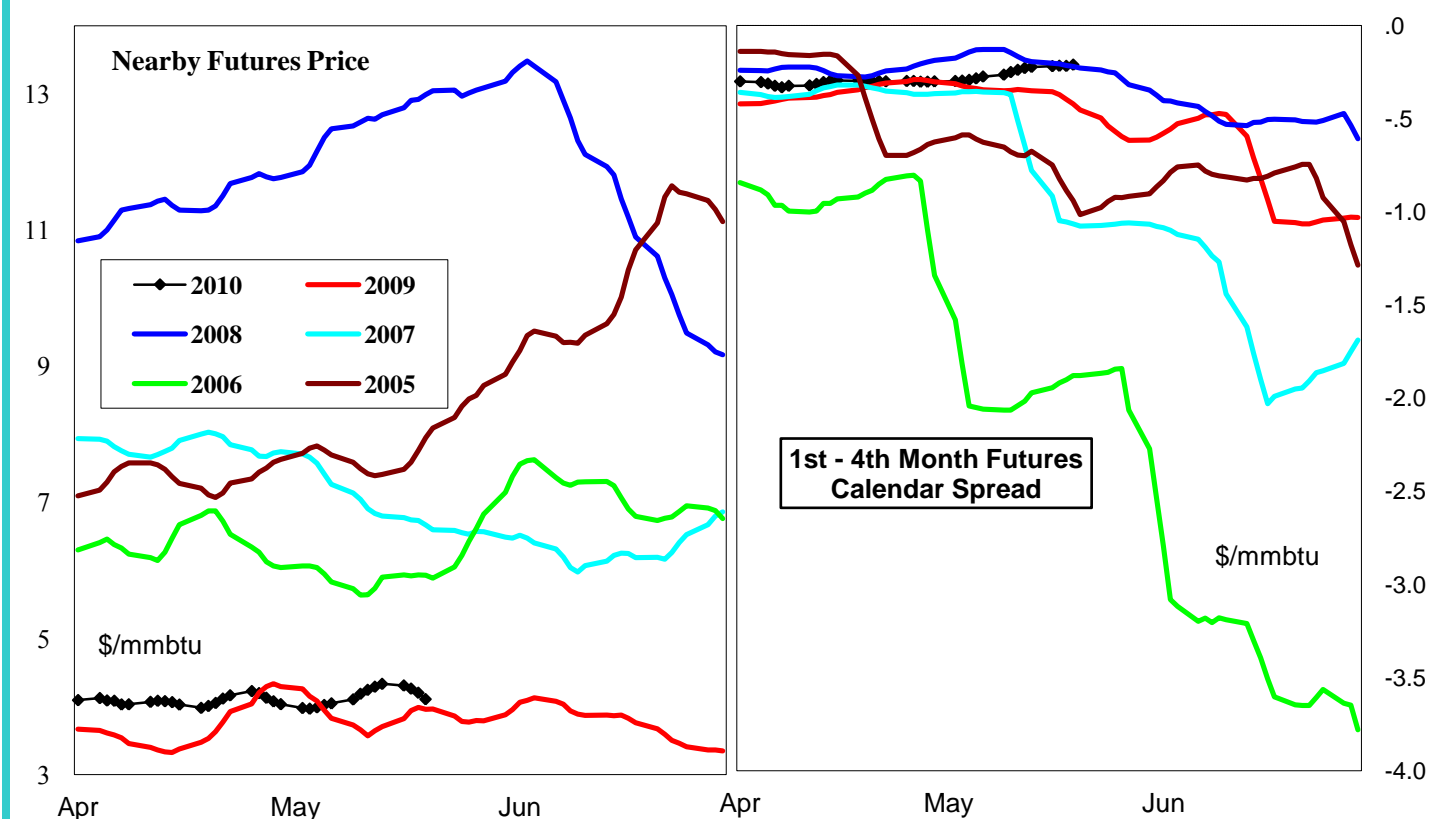
Week ending:	14-May-10			8-May-10		15-May-10		22-May-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,165	76	3.5	-28	-36%	31	49%	-41	-26%
East	992	34	12.3	-36	-49%	45	50%	-47	-23%
West	359	15	4.7	-8	22%	-2	40%	-54	-40%
Producing	814	27	-6.1	-13	-9%	3	56%	-12	-16%

### Seasonal Trends in Stocks and Heating Degree Days

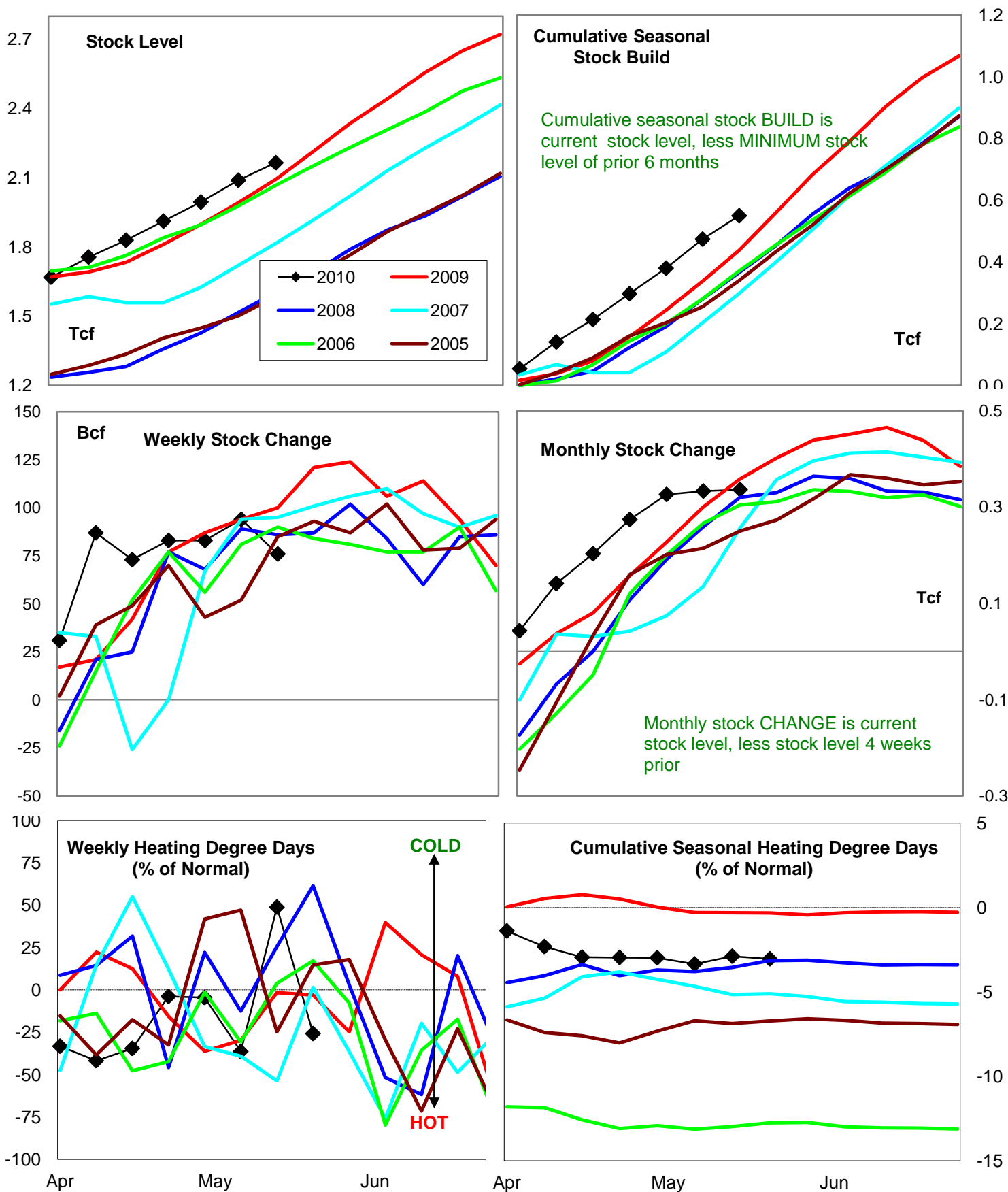
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>550</b>	<b>112</b>	<b>20.4</b>	<b>35</b>	<b>-3.4</b>	<b>66</b>	<b>-2.9</b>	<b>25</b>	<b>-3.0</b>
<b>East</b>	<b>242</b>	<b>3</b>	<b>1.2</b>	<b>32</b>	<b>-5.6</b>	<b>77</b>	<b>-5.0</b>	<b>30</b>	<b>-5.2</b>
<b>West</b>	<b>76</b>	<b>11</b>	<b>14.5</b>	<b>86</b>	<b>-2.9</b>	<b>84</b>	<b>-2.4</b>	<b>30</b>	<b>-2.8</b>
<b>Producing</b>	<b>266</b>	<b>92</b>	<b>34.6</b>	<b>15</b>	<b>10.6</b>	<b>18</b>	<b>10.8</b>	<b>6</b>	<b>10.8</b>

### Futures Market Price Trends

Date:	30-Jun-10	Change vs prior week, month, year		
		24-Jun-10	3-Jun-10	30-Jun-09
<b>1st month Futures</b>	<b>4.11</b>	<b>-0.20</b>	<b>-0.15</b>	<b>0.34</b>
<b>% change</b>	<b>xxxxx</b>	<b>-4.6</b>	<b>-3.5</b>	<b>9.0</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

73

-24

-22

112

Percent Change (%)

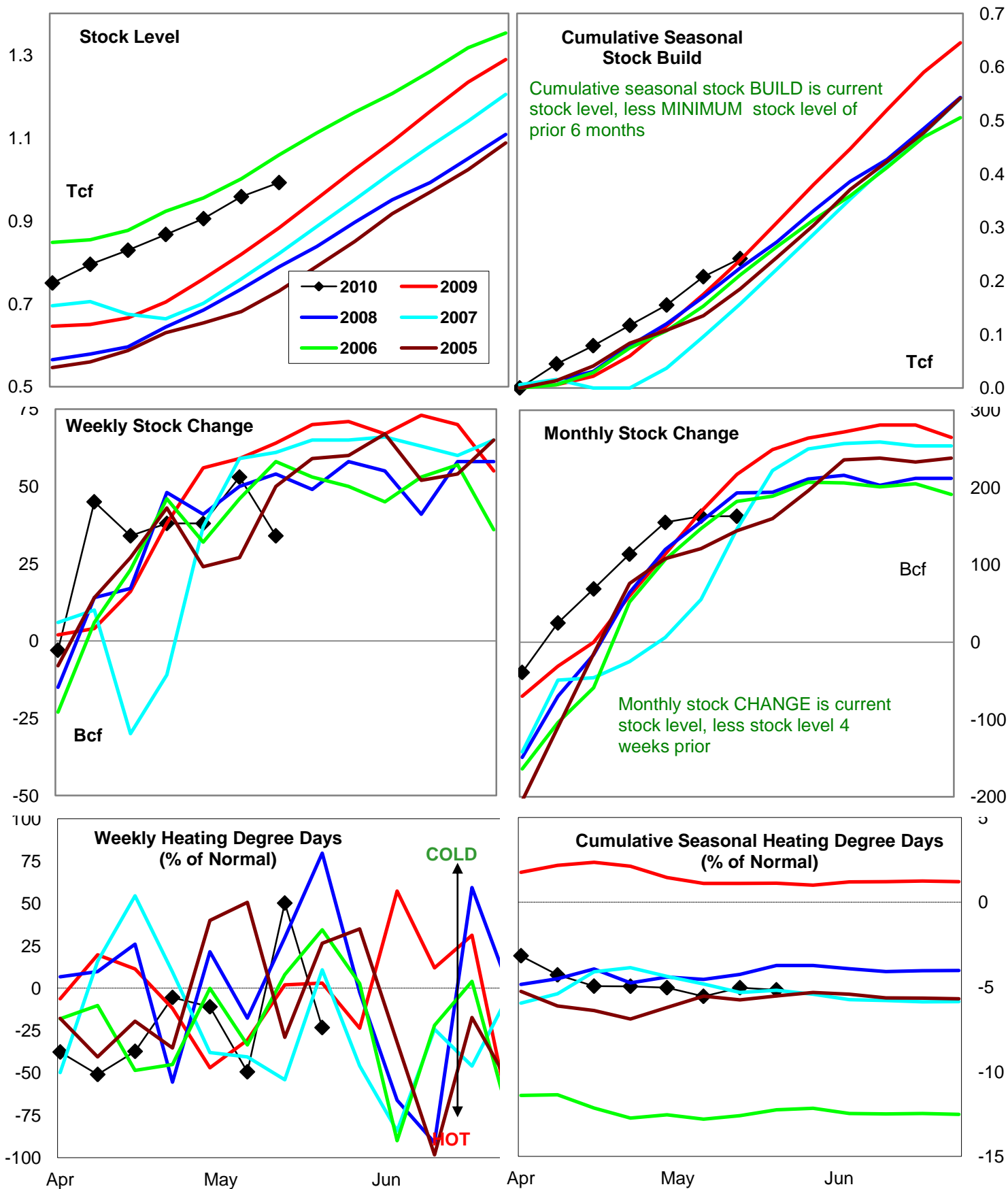
3.5

-24.0

-6.1

25.6

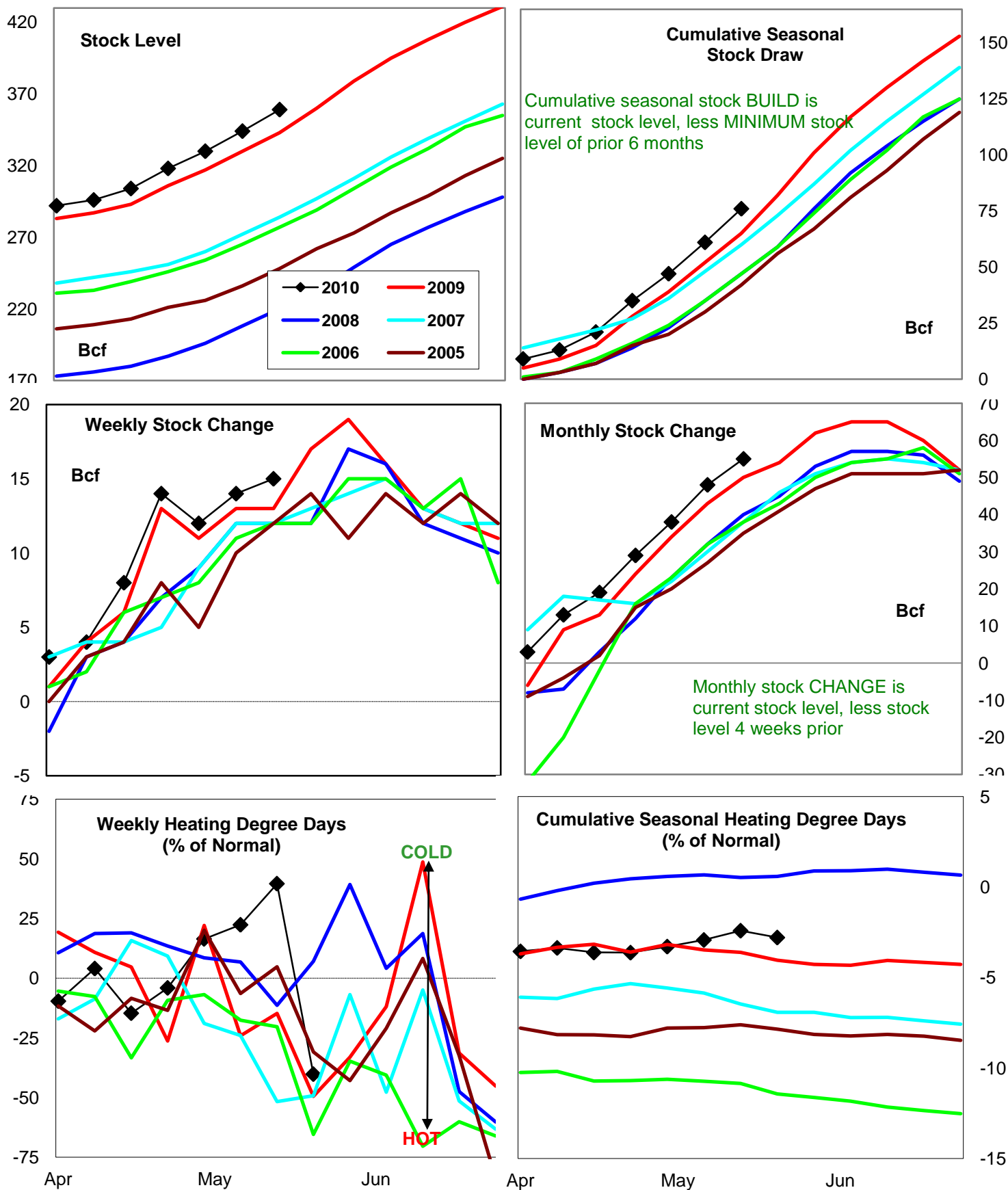
# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)109  
12.3-30  
-46.9-54  
-24.93  
1.3

# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

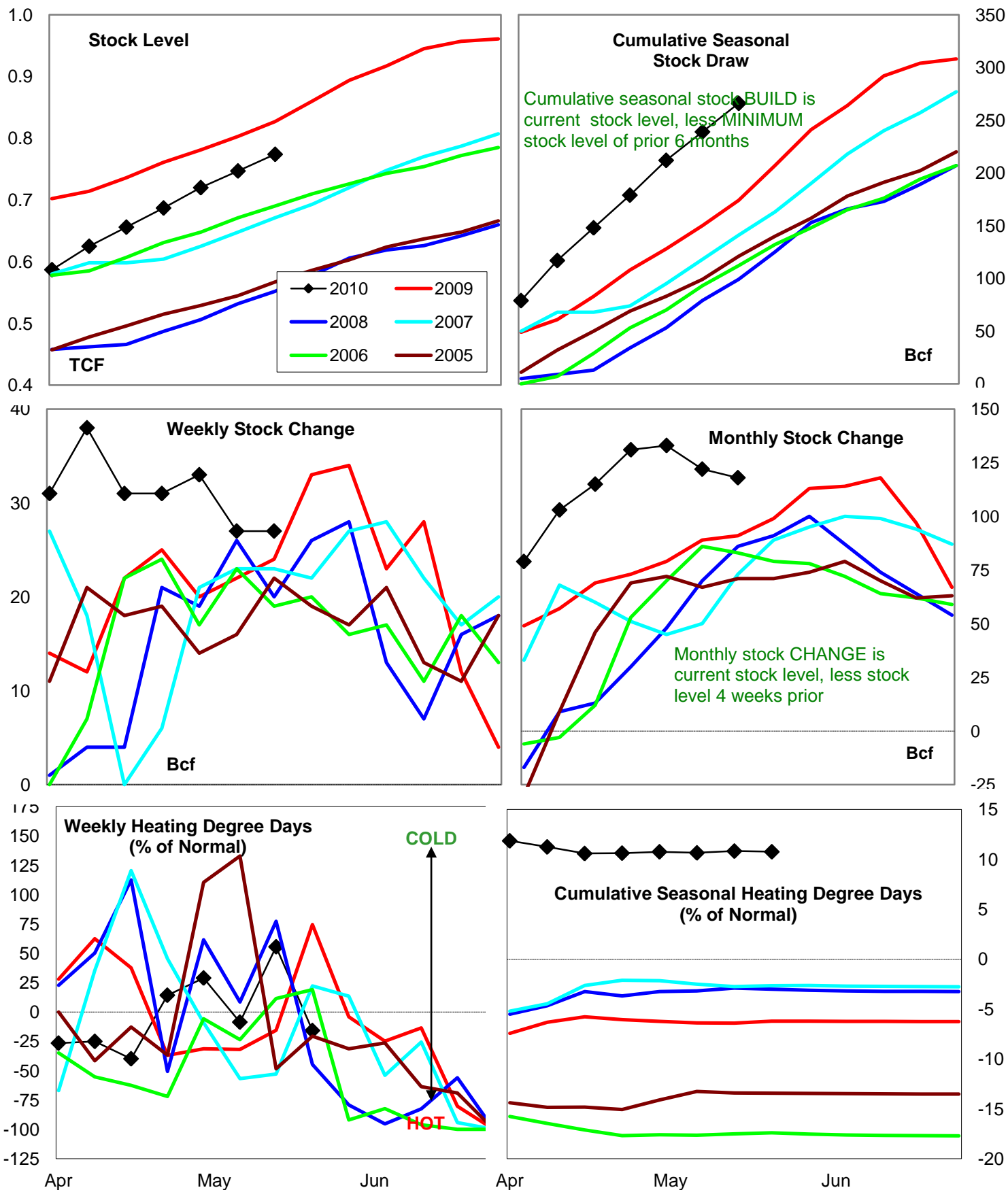
Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)16  
4.72  
15.45  
10.011  
16.9



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

-53

3

27

92

Percent Change (%)

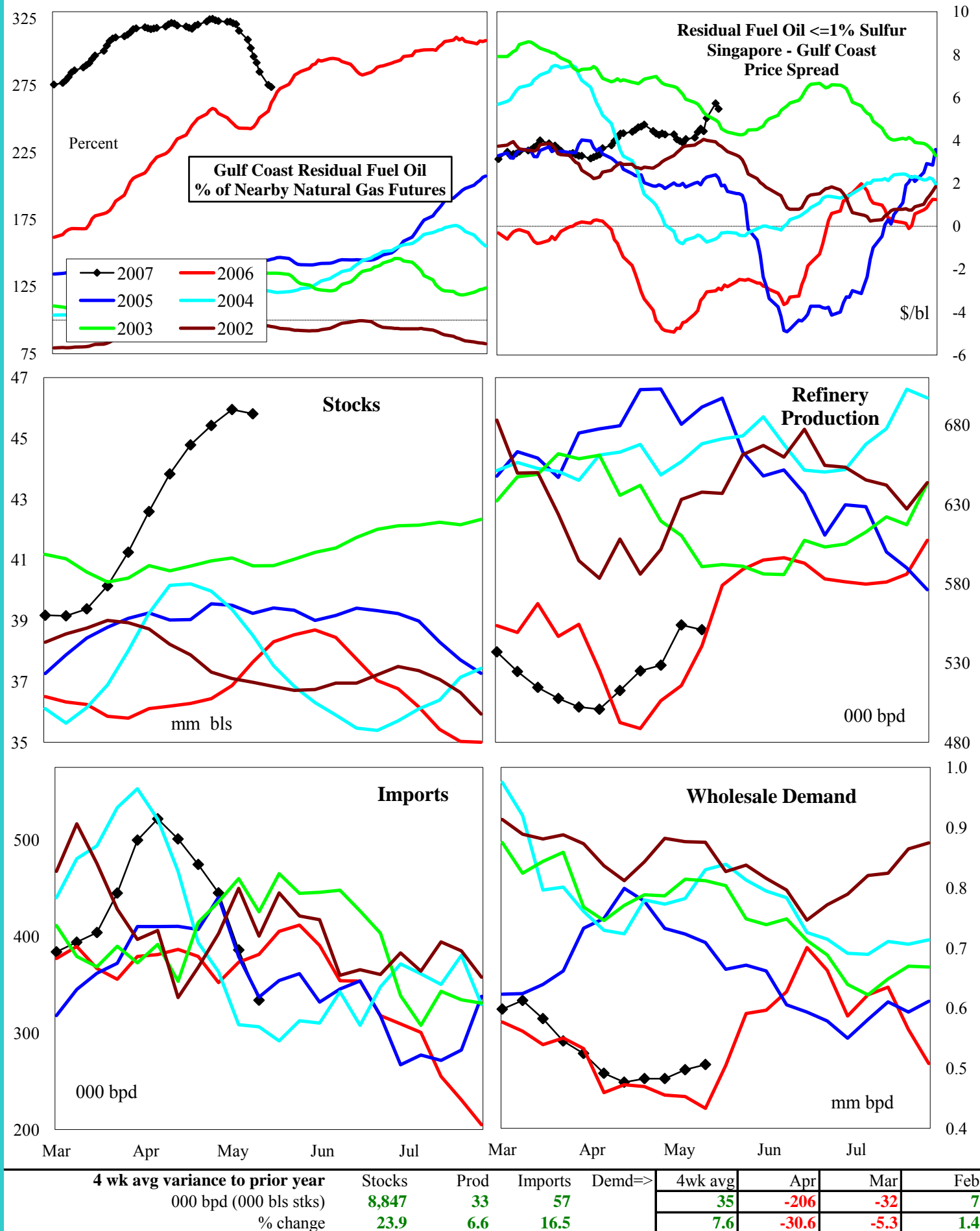
-6.1

12.5

29.7

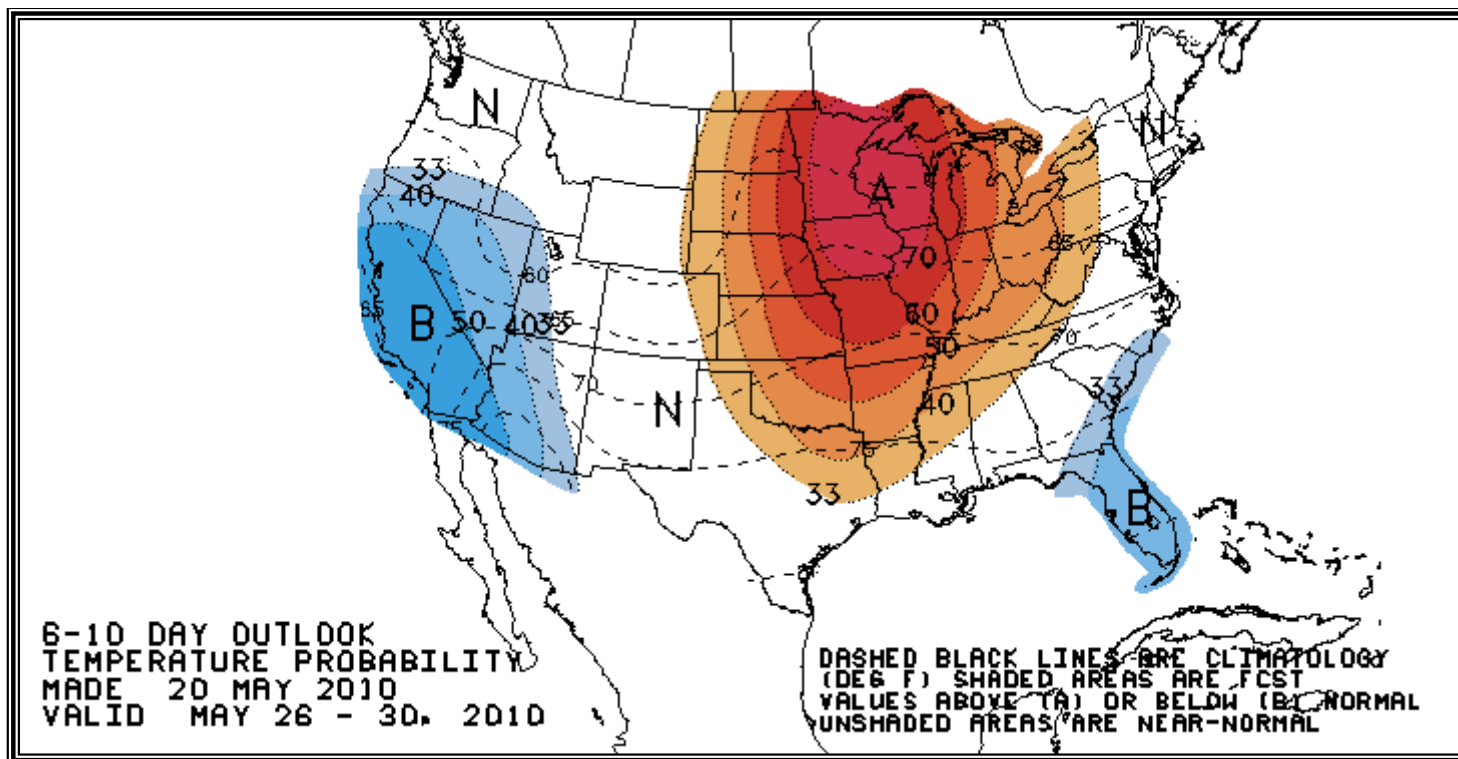
52.9

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



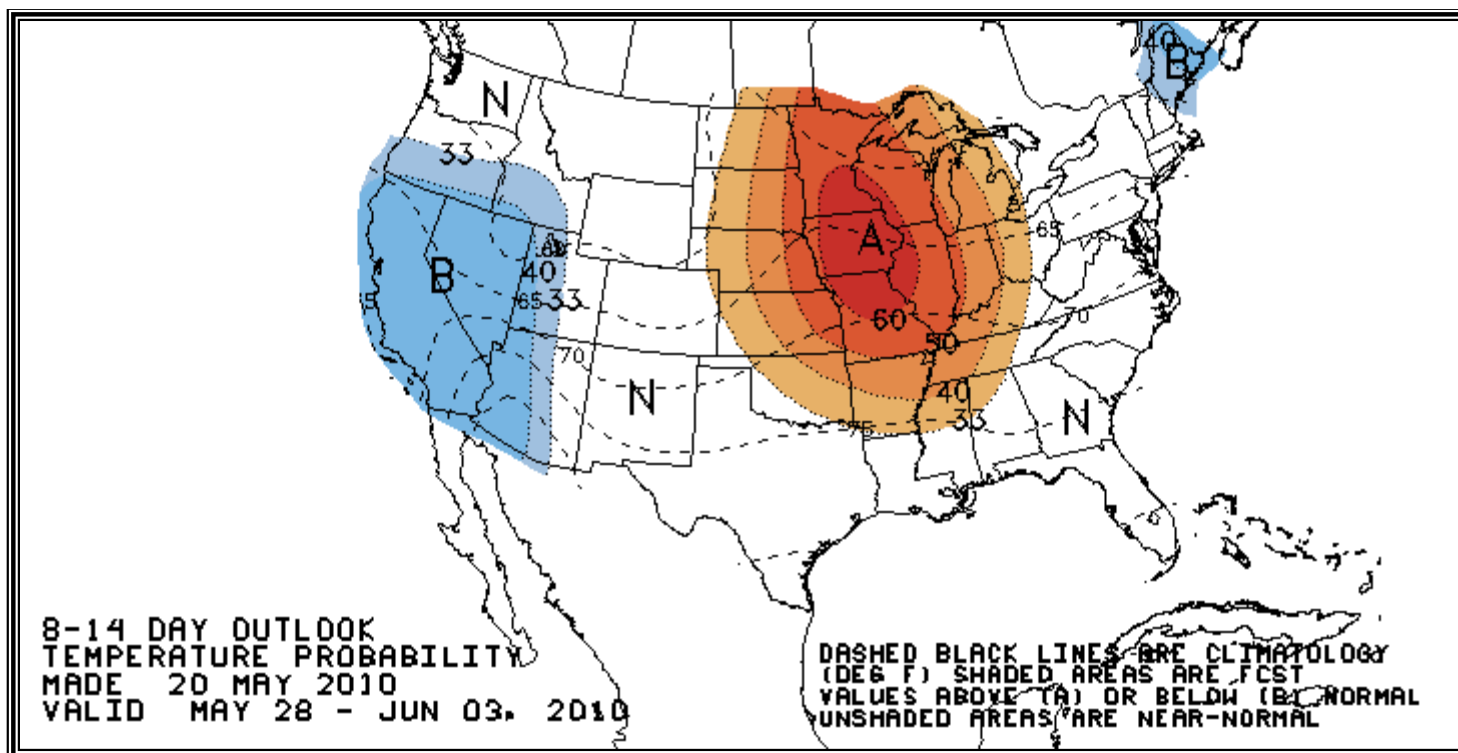
# National Weather Service Climate Prediction Center Heating

## Degree Days 6 - 10 Day Forecast



# National Weather Service Climate Prediction Center Heating

## Degree Days 8 - 14 Day Forecast





# American Gas Association Regions

