

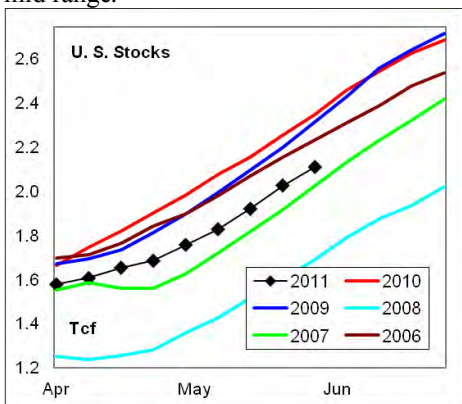
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

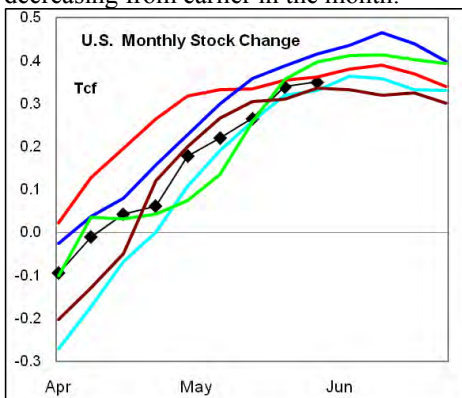
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, June 03, 2011



**Summary** <sup>1</sup> The stock build of +83 Bcf matched 5-year lows for the week. Stock levels ended the week below the 5-year mid range.



The latest 4-wk stock build was below the historic mid range, with the build rate decreasing from earlier in the month.



In the East Region stocks increased +51 Bcf for the period, a level at the historic mid range. Stocks increased +14 Bcf in the West Region, a level below the mid range. The stock build of +18 Bcf in the Producing Region was near 5-year lows for the week.

Heating degree days were -31% below normal in the East Region, +43% above normal in the West Region and -16% below normal in the Producing Region for the week ending 28May11.

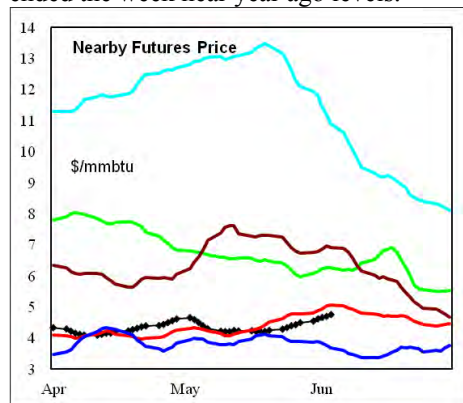
**Heating degree days** were -17% below normal for the week ended 28May11, and forecast to be -82% below normal for the

week ending 04Jun11.

The 6-10 day NWS forecast for the week ending 12Jun11 is for much warmer than normal temperatures across the eastern 1/2 of the country and much cooler than normal in the western 1/2 of the country.

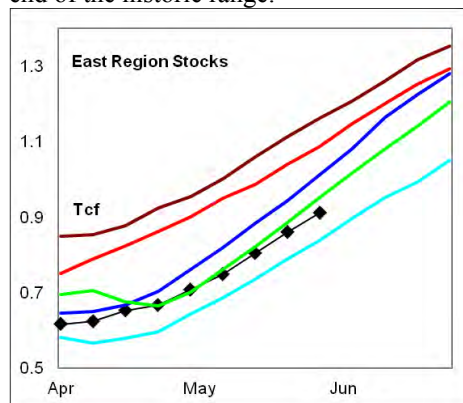
The 8-14 day NWS forecast for the week ending 16June11 is for an extension of the 6-10 days forecast; warmer than normal in the East/southeast and cool in the west.

**Prices:** Nearby gas futures prices surged +41 cpg for the week ending 03Jun11 on a spike in cooling degree days. Prices levels ended the week near year ago levels.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended higher last week ending 03Jun11. The spread ended the week at a record low carry.

**East Region** stocks increased +51 Bcf last week, a level at the historic mid range. The latest 4-wk build matched the 5-year mid range. Stock levels were at the low end of the historic range.

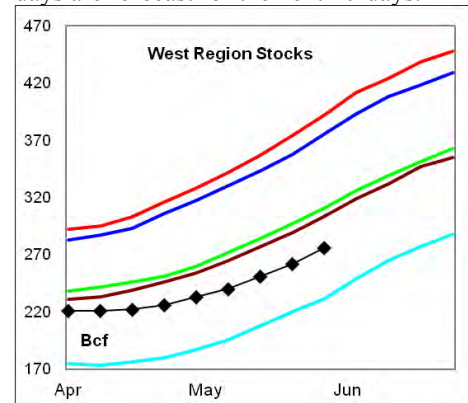


Heating degree days in the region were -31% below normal last week and forecast to be -98% below normal for week ending 04Jun11. Much above normal heating degree days are forecast for the next 10-days.

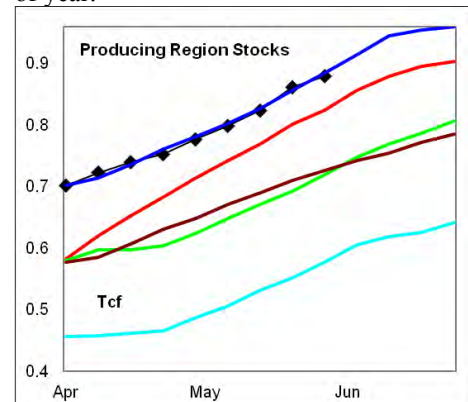
**West Region** stocks increased +14 Bcf on

the week, a level below the mid range. Stock levels ended the week at the low end of the historic range. The latest 4-wk stock build fell below the historic range.

Heating degree days were +43% above normal last week and forecast to be -19% below normal for the week ending 04Jun11. Above normal heating degree days are forecast for the next 10-days.



**Producing Region** stocks saw a build of +18 Bcf on the week, a record low build for the period. The monthly stock build was comparable to the last 2-years. Stock levels match the 5-year high for this time of year.



Heating degree days were -17% below normal last week, and forecast to be -82% below normal for the week ending 04Jun11. Well above normal temperatures are forecast for the next 10-days.

**Residual Fuel Oil Switching:** The price spread between fuel oil and natural gas remains highly favorable for gas.

**Outlook:** Continued much above normal cooling degree days are forecast for the next 10-days across natural gas powered electric consuming regions. Expect continued support to prices, until a cooling weather trend emerges, which combined with slow economic growth would lead to a price pull back.

### <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: June 3, 2011

For the week ending: 27-May-11

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

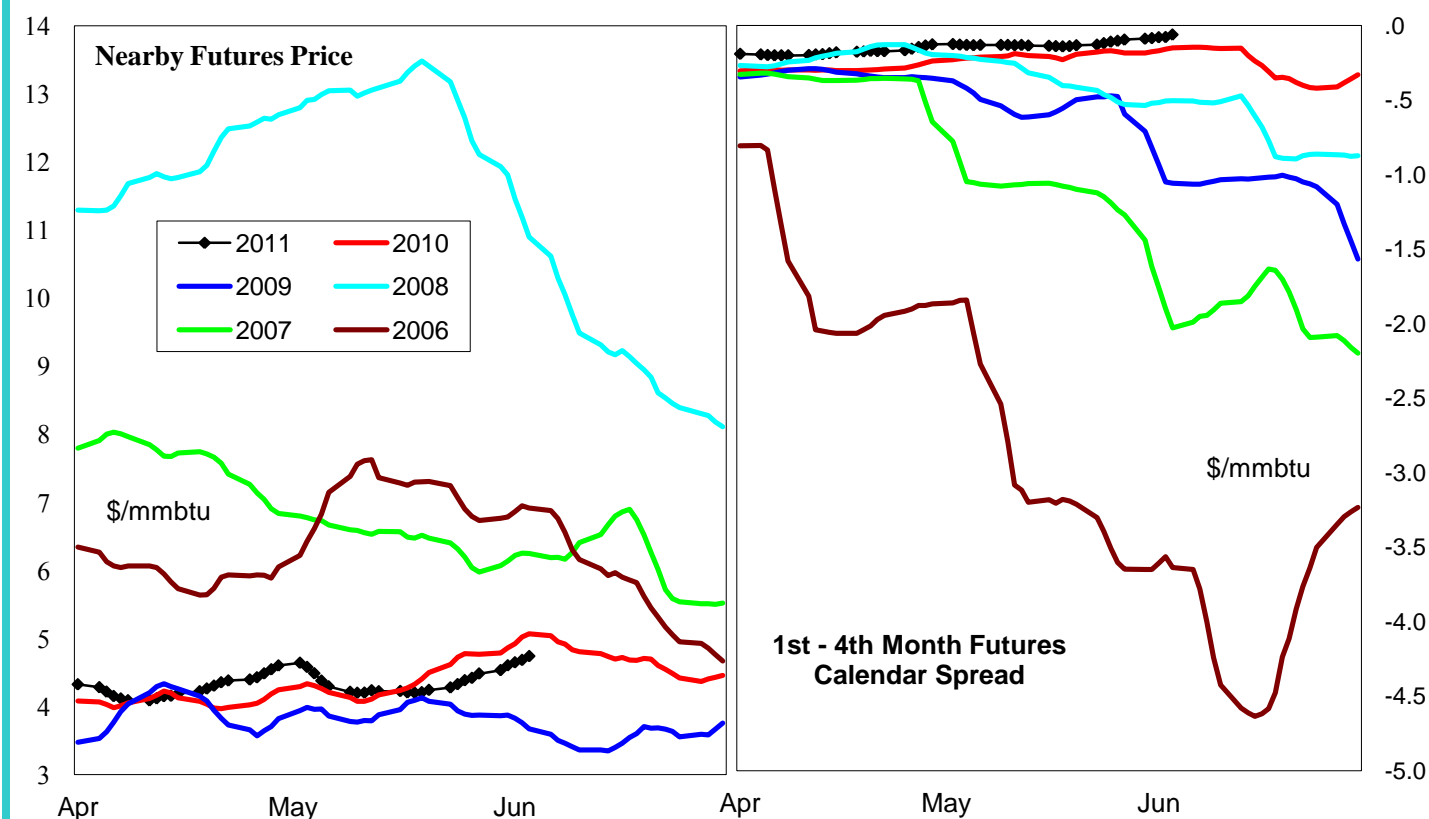
Week ending:	27-May-11			21-May-11		28-May-11		4-Jun-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,107	83	-10.1	17	35%	-26	-17%	-19	-82%
East	911	51	-16.3	20	23%	-29	-31%	-20	-98%
West	276	14	-29.6	11	56%	-20	43%	-33	-19%
Producing	920	18	6.4	12	174%	-18	-16%	-4	-100%

### Seasonal Trends in Stocks and Heating Degree Days

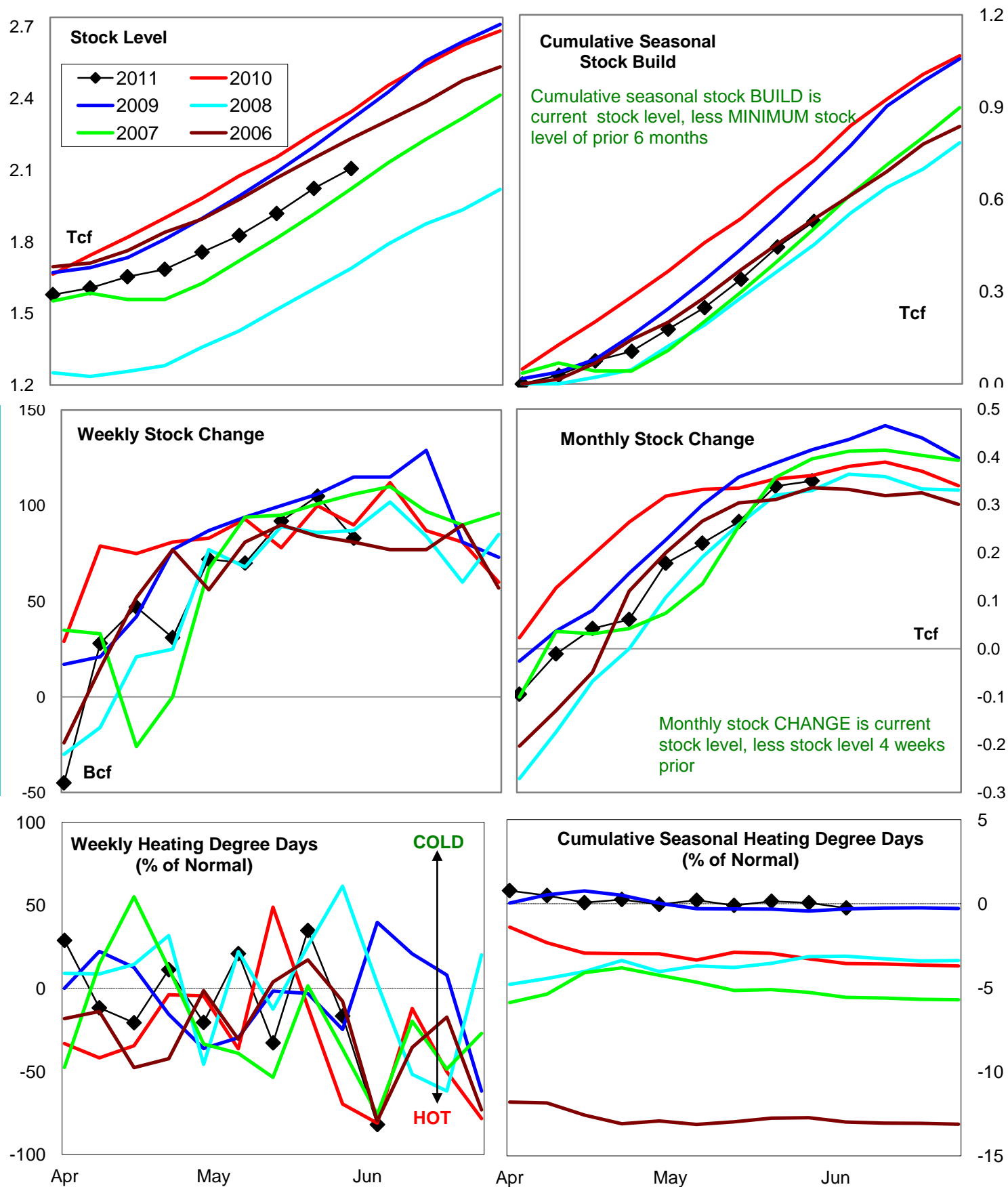
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>528</b>	<b>-199</b>	<b>-37.7</b>	<b>48</b>	<b>0.1</b>	<b>22</b>	<b>0.1</b>	<b>3</b>	<b>-0.3</b>
<b>East</b>	<b>295</b>	<b>-43</b>	<b>-14.6</b>	<b>50</b>	<b>0.6</b>	<b>21</b>	<b>0.4</b>	<b>0</b>	<b>0.1</b>
<b>West</b>	<b>60</b>	<b>-48</b>	<b>-80.0</b>	<b>80</b>	<b>-0.4</b>	<b>61</b>	<b>-0.1</b>	<b>28</b>	<b>-0.2</b>
<b>Producing</b>	<b>233</b>	<b>-79</b>	<b>-33.9</b>	<b>22</b>	<b>-2.3</b>	<b>4</b>	<b>-2.3</b>	<b>0</b>	<b>-2.4</b>

### Futures Market Price Trends

Date:	3-Jun-11	Change vs prior week, month, year		
		27-May-11	6-May-11	3-Jun-10
<b>1st month Futures</b>	<b>4.74</b>	<b>0.22</b>	<b>0.59</b>	<b>-0.42</b>
<b>% change</b>	xxxxx	<b>4.9</b>	<b>14.2</b>	<b>-8.1</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

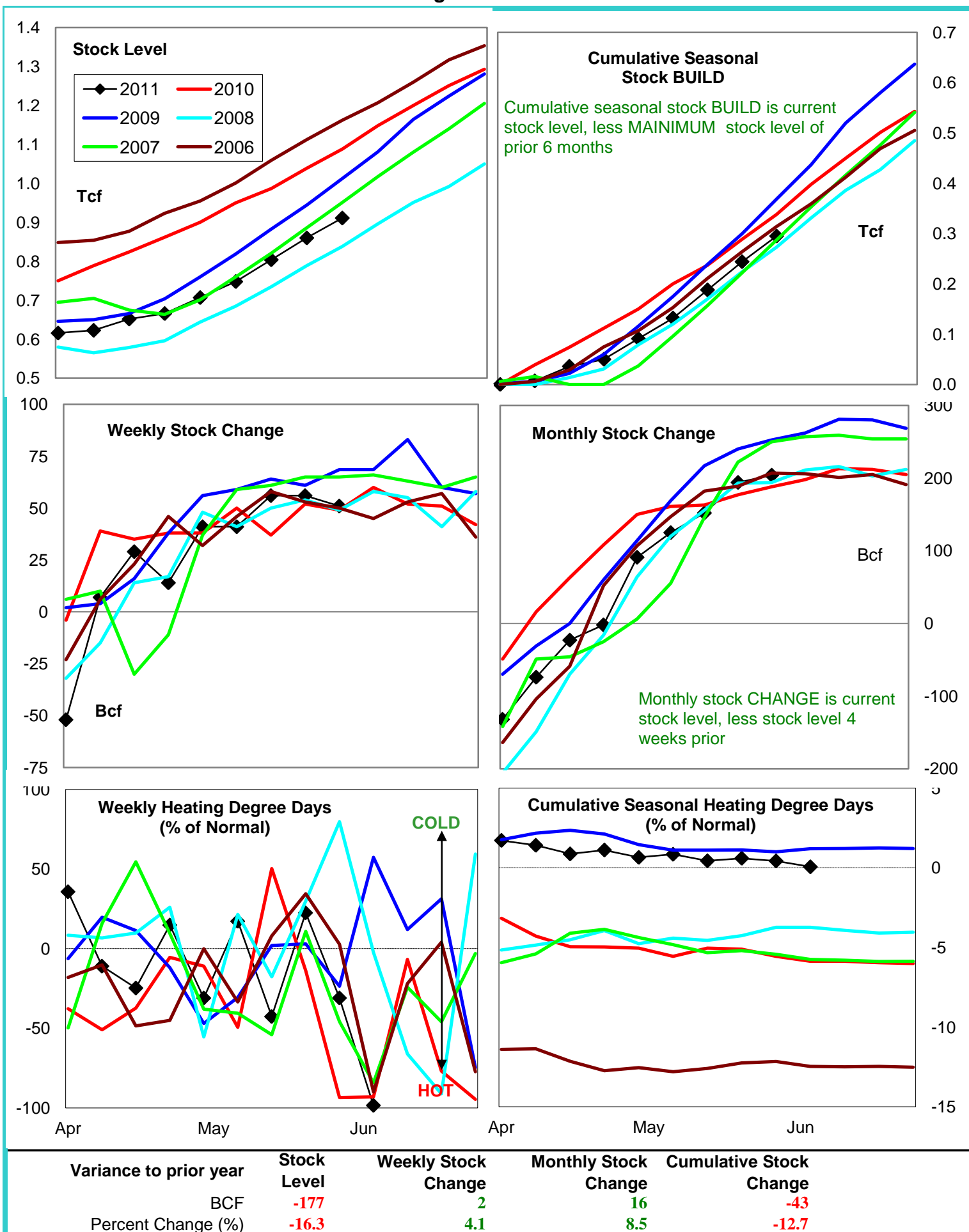
Weekly Stock Change

Monthly Stock Change

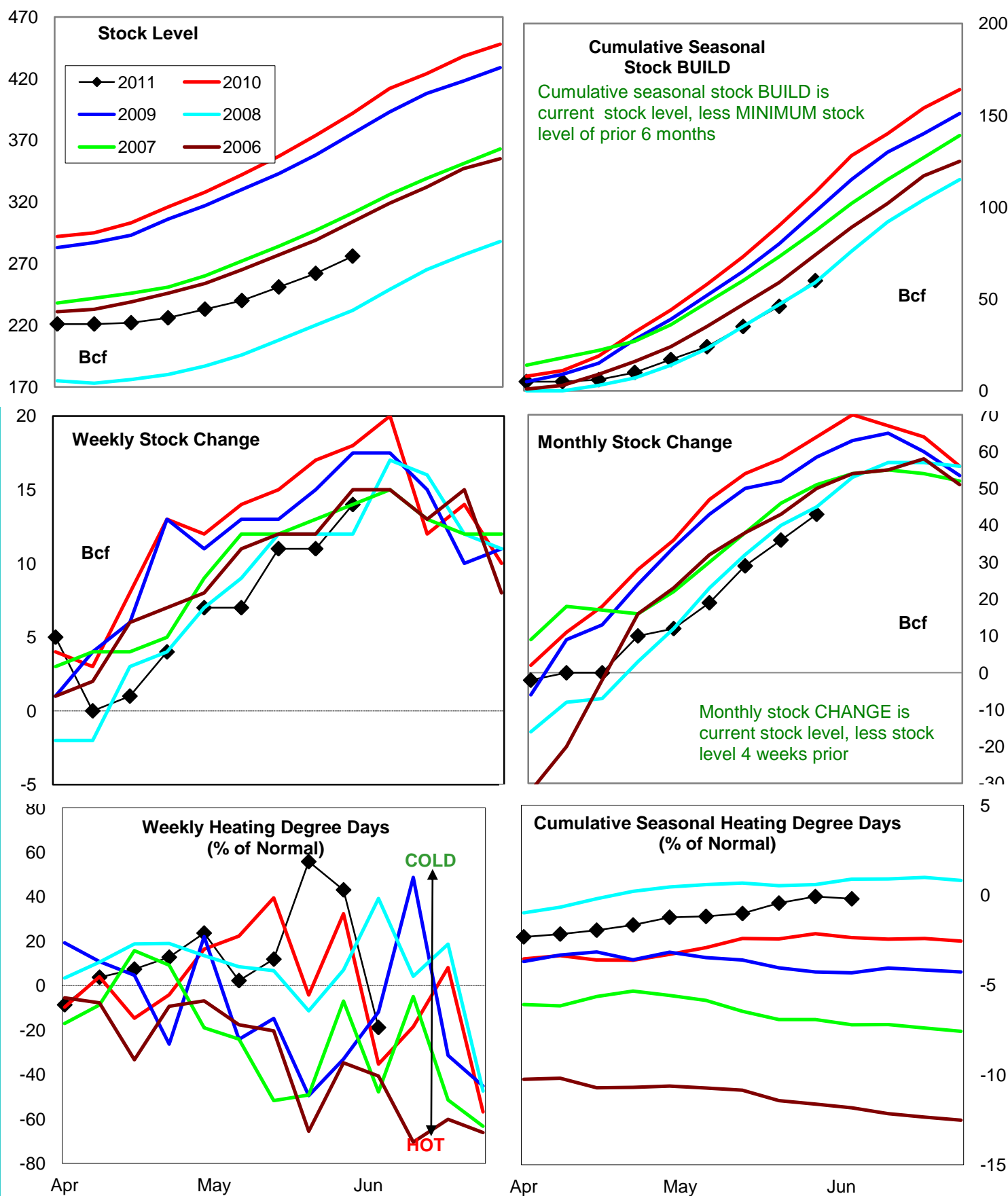
Cumulative Stock Change

BCF  
Percent Change (%)-237  
-10.1-7  
-7.8-11  
-3.0-199  
-27.4

# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-116

-4

-21

-48

Percent Change (%)

-29.6

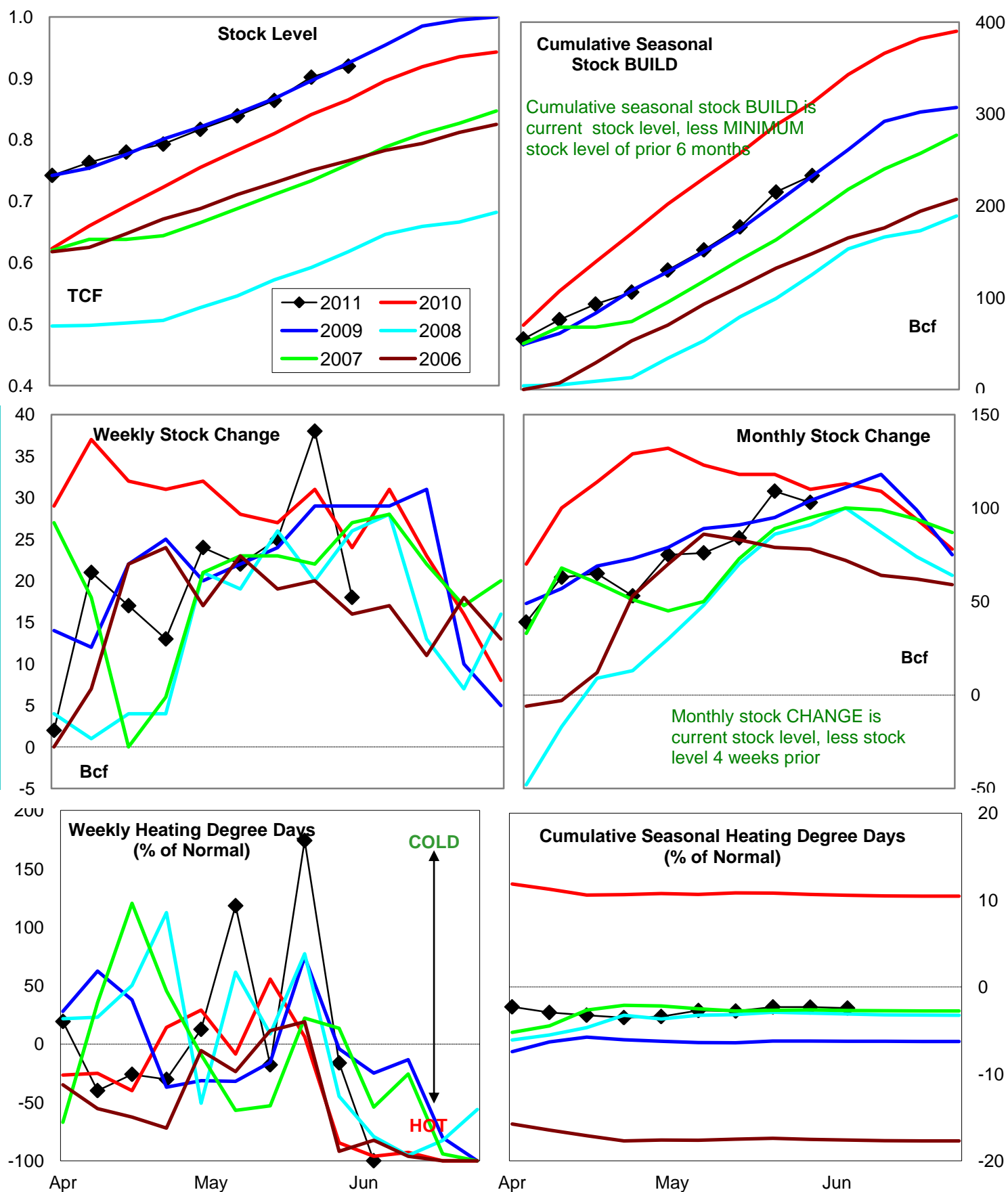
-22.2

-32.8

-44.4



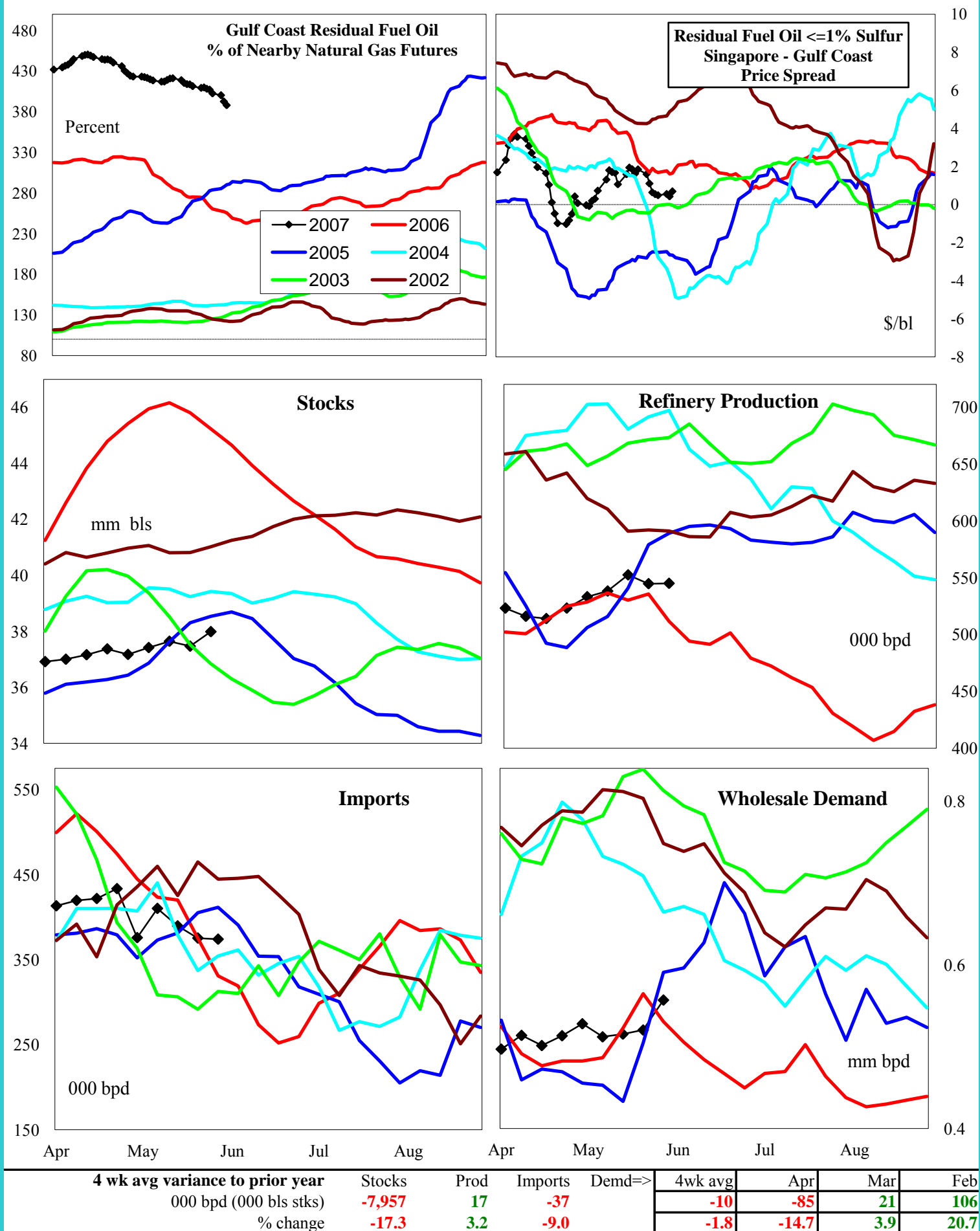
# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

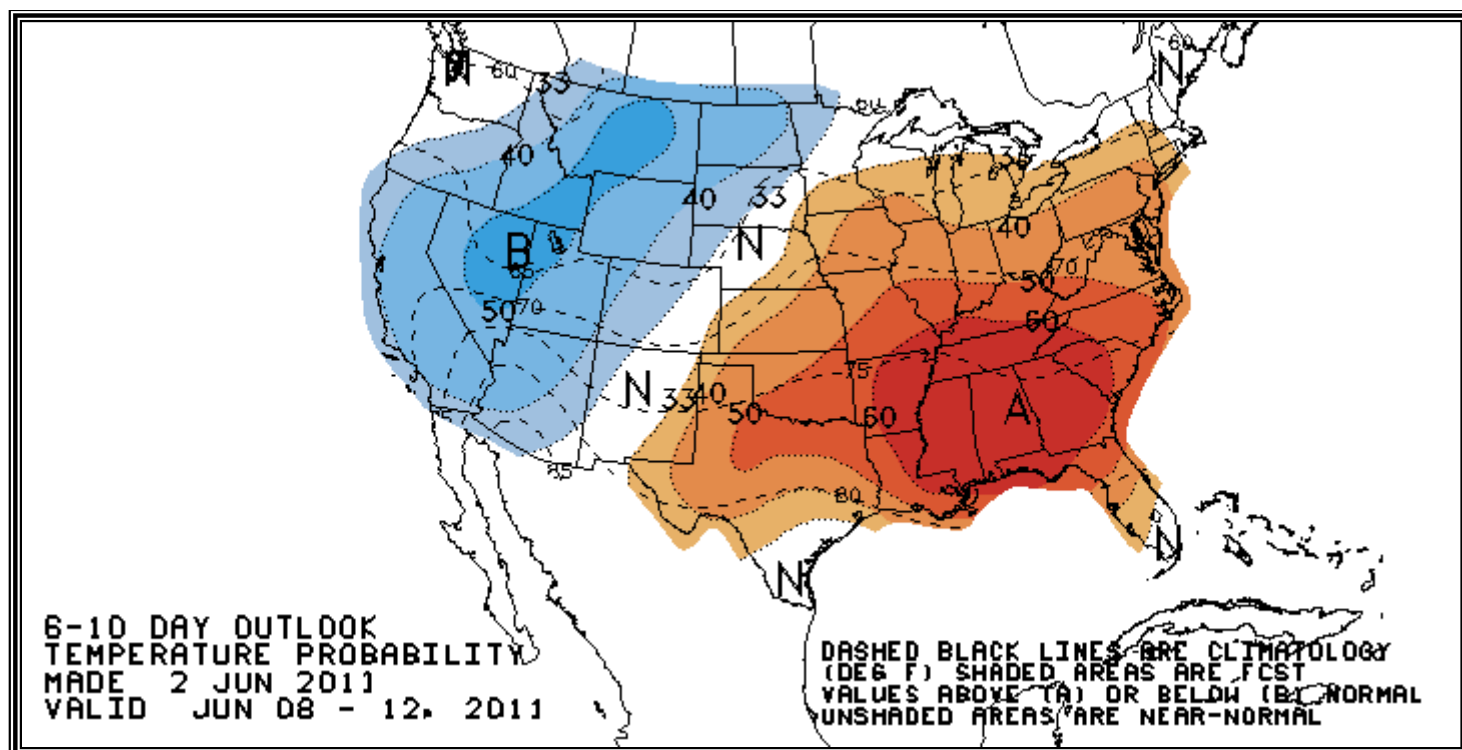
Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)55  
6.4-6  
-25.0-7  
-6.4-79  
-25.3

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



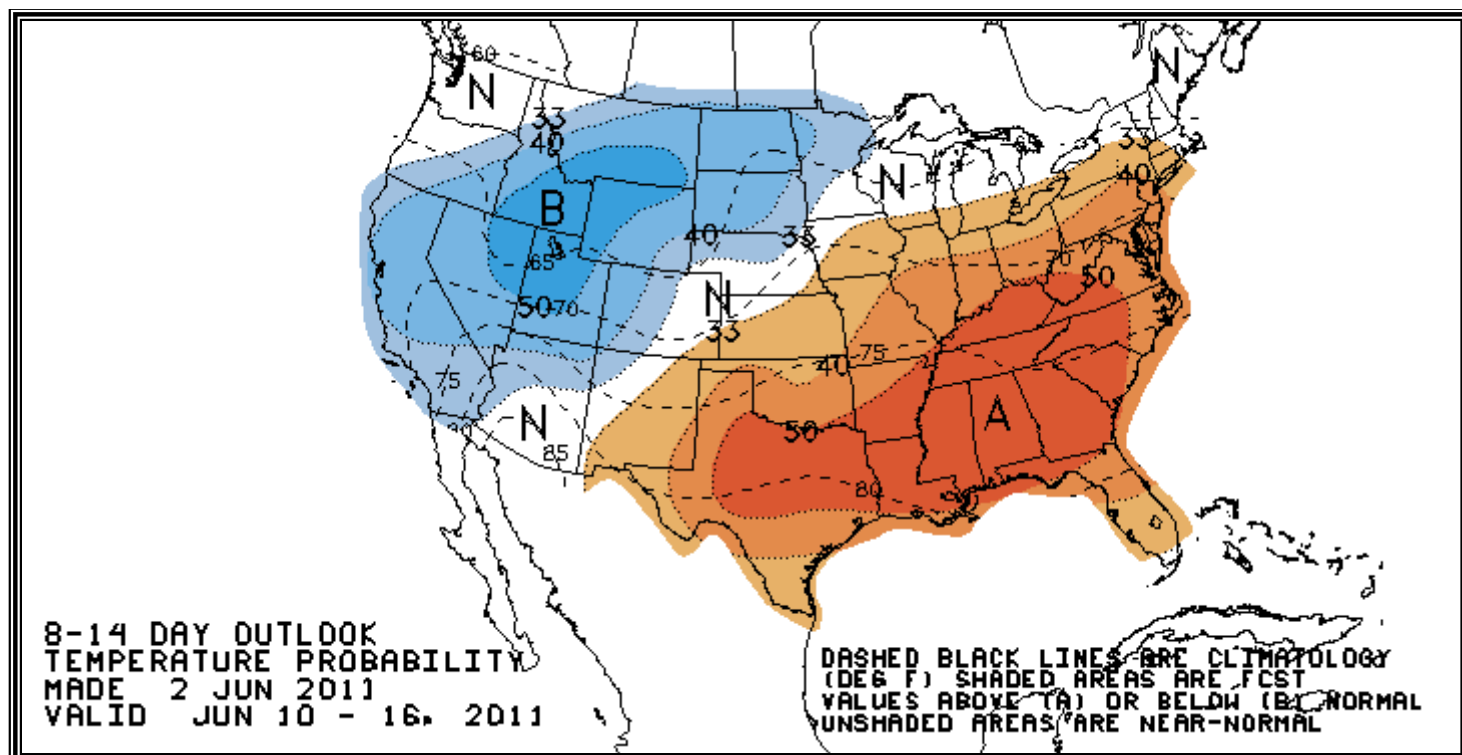
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

