



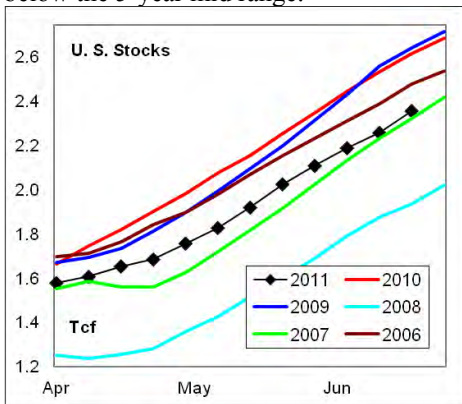
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

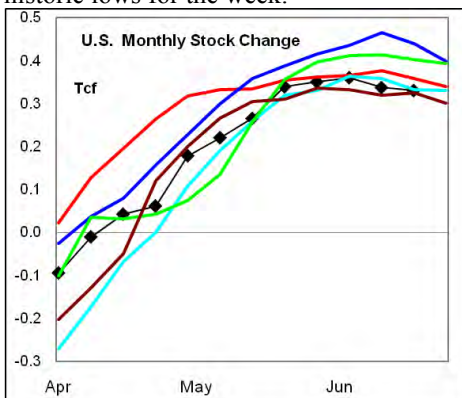
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, June 27, 2011



**Summary**<sup>1</sup> The stock build of +98 Bcf for the week was a 5-year high for the period. Stock levels ended the week significantly below the level of the last 2-years and below the 5-year mid range.



The latest 4-wk stock build matched historic lows for the week.



In the East Region stocks increased +64 Bcf for the period, a level above the historic range for the week. Stocks increased +18 Bcf in the West Region, a record high build for the season. The stock build of +16 Bcf in the Producing Region matched the mid range for the week.

Heating degree days were +44% above normal in the East Region, -11% below normal in the West Region and -100% below normal in the Producing Region for the week ending 18Jun11.

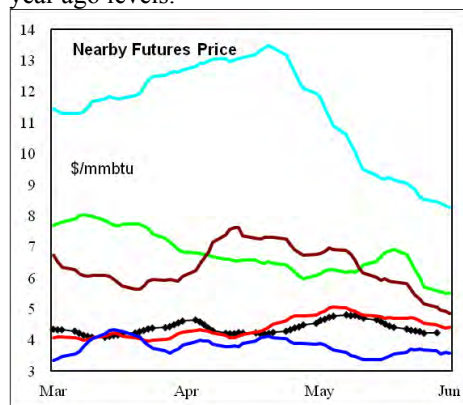
**Heating degree days** were +24% above normal for the week ended 18Jun11, and +3% above normal for the week ending

25Jun11.

The 6-10 day NWS forecast for the week ending 06Jul11 is for warmer than normal temperatures across the western and southern regions of the country, and normal in the upper midwest and northeast.

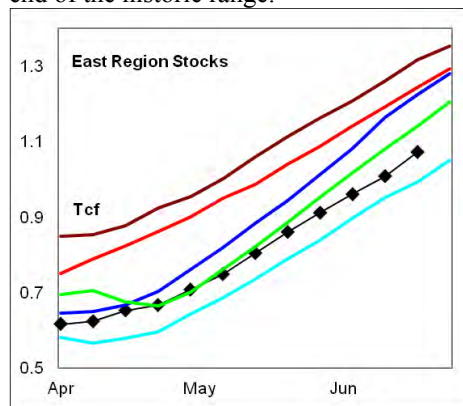
The 8-14 day NWS forecast for the week ending 10Jul11 is for warmer than normal temperatures on the west coast and southwest, and near normal in other regions of the country.

**Prices:** Nearby gas futures prices decreased -\$0.10/mmbtu for the week ending 27Jun11 on moderating cooling degree days. Price levels ended the week below year ago levels.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded flat for the week ending 27Jun11. The spread ended the week at a record low carry.

**East Region** stocks increased +64 Bcf last week, a record high build for the week. The latest 4-wk build matched the 5-year mid range. Stock levels were at the low end of the historic range.

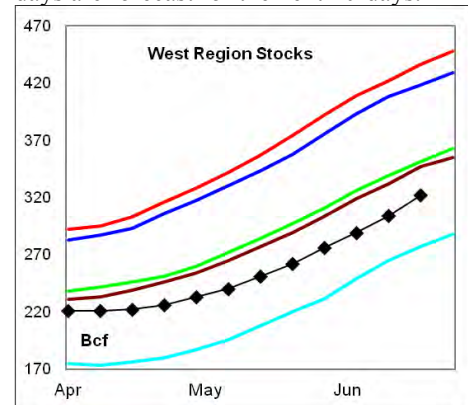


Heating degree days in the region were +44% above normal for the week ending 18Jun11 and +13% above normal for the week ending 25Jun11. Near normal cooling degree days are forecast for the next 10-days.

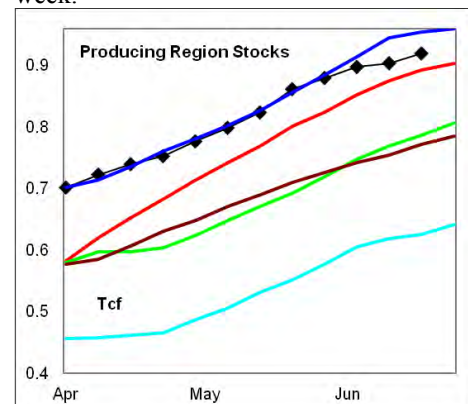
**West Region** stocks increased +18 Bcf on

the week, a record high build for the season. Stock levels ended the week at the low end of the historic range. The latest 4-wk stock build was above the mid range.

Heating degree days were -11% below normal for the week ending 18Jun11 and -6% below normal for the week ending 25Jun11. Above normal cooling degree days are forecast for the next 10-days.



**Producing Region** stocks saw a build of +16 Bcf on the week, a level that matched the mid range. The monthly stock build fell to a record low for the week. Stock levels were below the 5-year high for the week.



Heating degree days were -100% below normal for the last 2-weeks. Above normal cooling degree days 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:** Cooling degree days are forecast to be above normal across much of the country for the next 5-days, and near normal for another week. Expect modest price strength in the near term on a return to above normal cooling degree days.

#### <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: June 27, 2011

For the week ending: 17-Jun-11

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

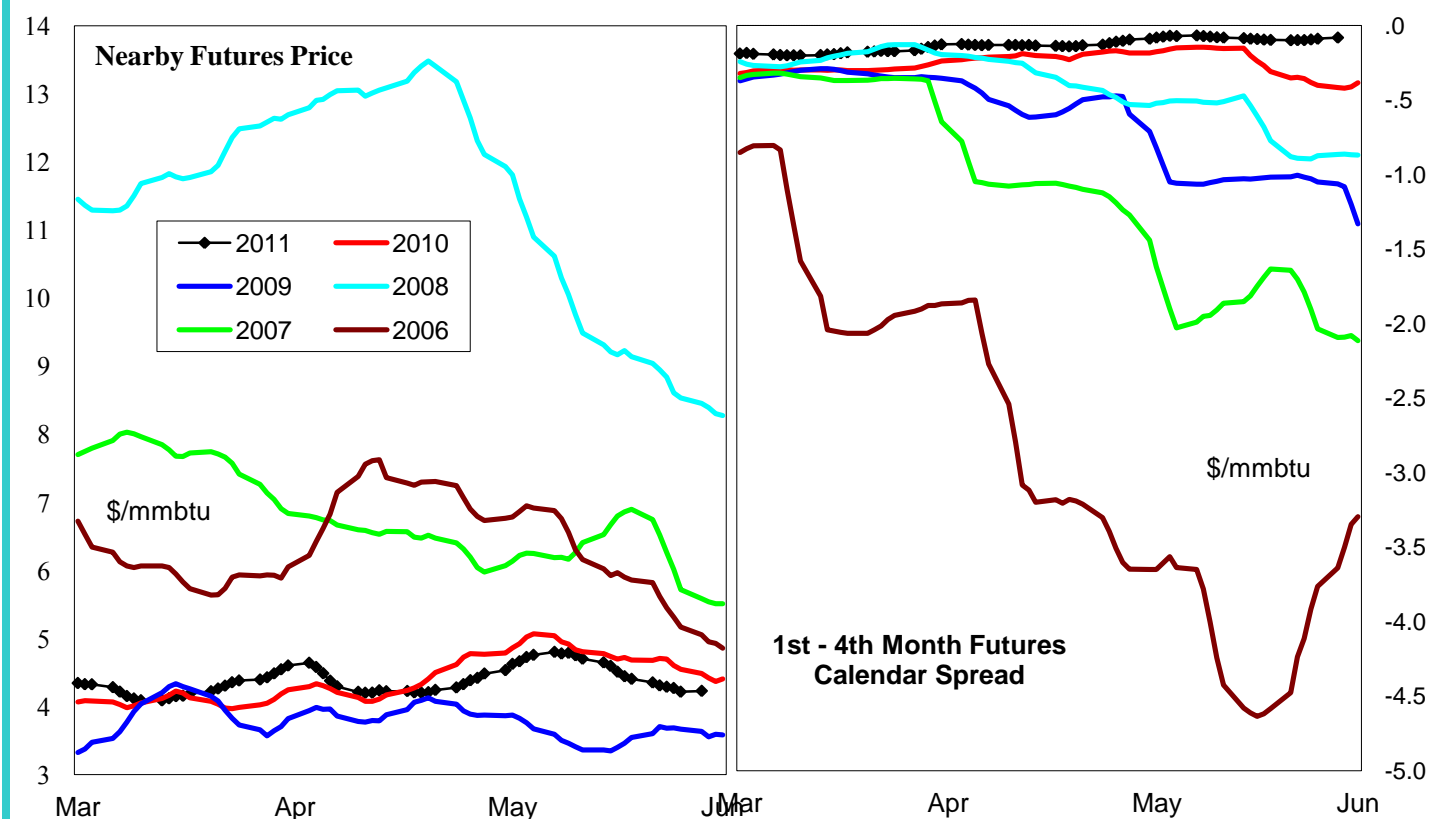
Week ending:	17-Jun-11			11-Jun-11		18-Jun-11		25-Jun-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,354	98	-9.9	-3	-47%	3	24%	-5	3%
East	1,072	64	-13.8	-1	-63%	6	44%	-7	13%
West	322	18	-26.1	-21	8%	-11	-11%	-4	-6%
Producing	960	16	2.9	0	-94%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

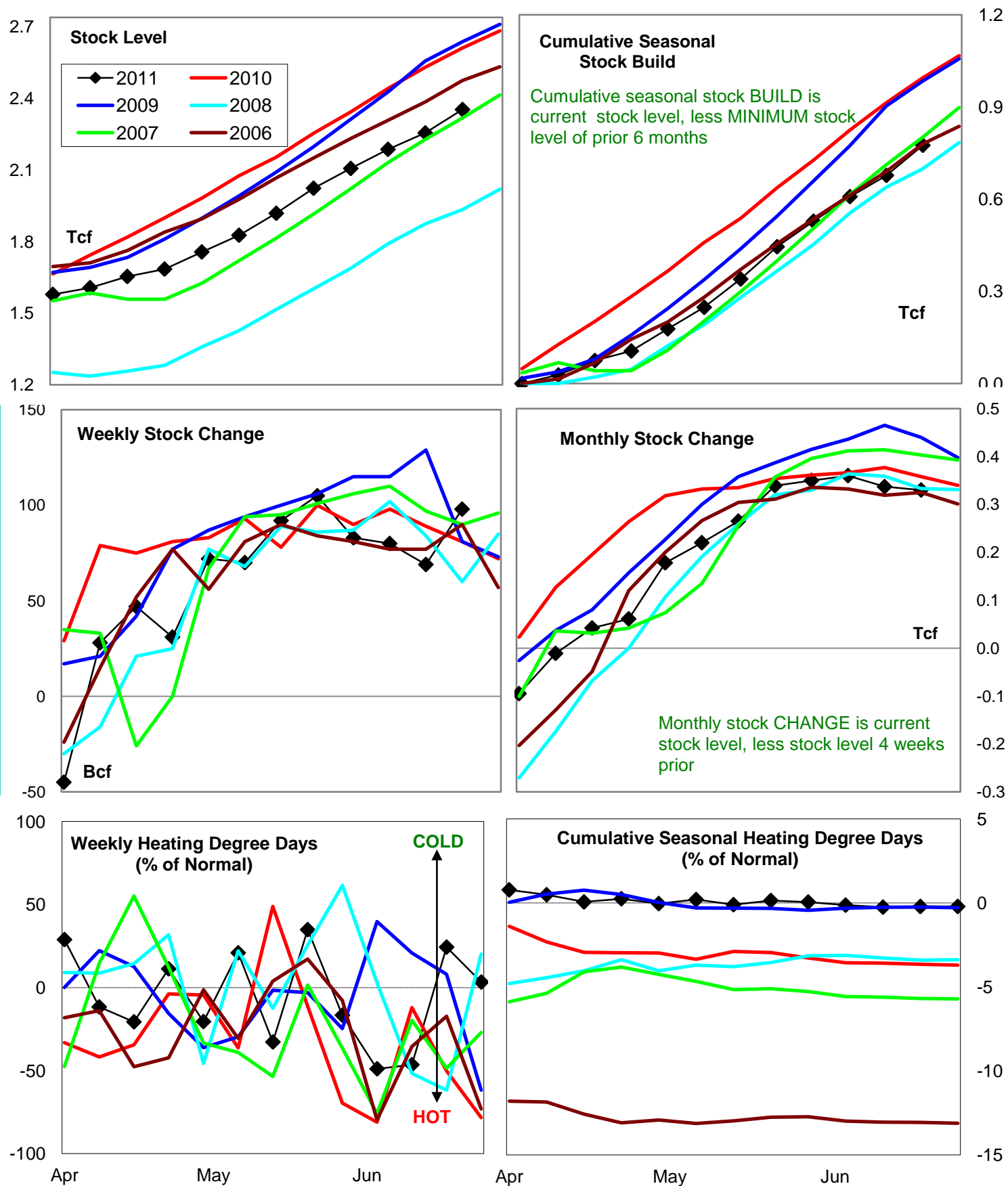
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>775</b>	<b>-220</b>	<b>-28.4</b>	<b>7</b>	<b>-0.3</b>	<b>10</b>	<b>-0.2</b>	<b>5</b>	<b>-0.2</b>
<b>East</b>	<b>456</b>	<b>-38</b>	<b>-8.3</b>	<b>5</b>	<b>0.0</b>	<b>11</b>	<b>0.1</b>	<b>4</b>	<b>0.1</b>
<b>West</b>	<b>106</b>	<b>-46</b>	<b>-43.4</b>	<b>29</b>	<b>0.3</b>	<b>19</b>	<b>0.2</b>	<b>15</b>	<b>0.2</b>
<b>Producing</b>	<b>273</b>	<b>-107</b>	<b>-39.2</b>	<b>0</b>	<b>-2.5</b>	<b>0</b>	<b>-2.5</b>	<b>0</b>	<b>-2.5</b>

### Futures Market Price Trends

Date:	22-Jun-11	Change vs prior week, month, year		
		15-Jun-11	24-May-11	21-Jun-10
<b>1st month Futures</b>	<b>4.23</b>	<b>-0.16</b>	<b>-0.44</b>	<b>-0.17</b>
<b>% change</b>	<b>xxxxx</b>	<b>-3.6</b>	<b>-9.4</b>	<b>-3.9</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 (%)

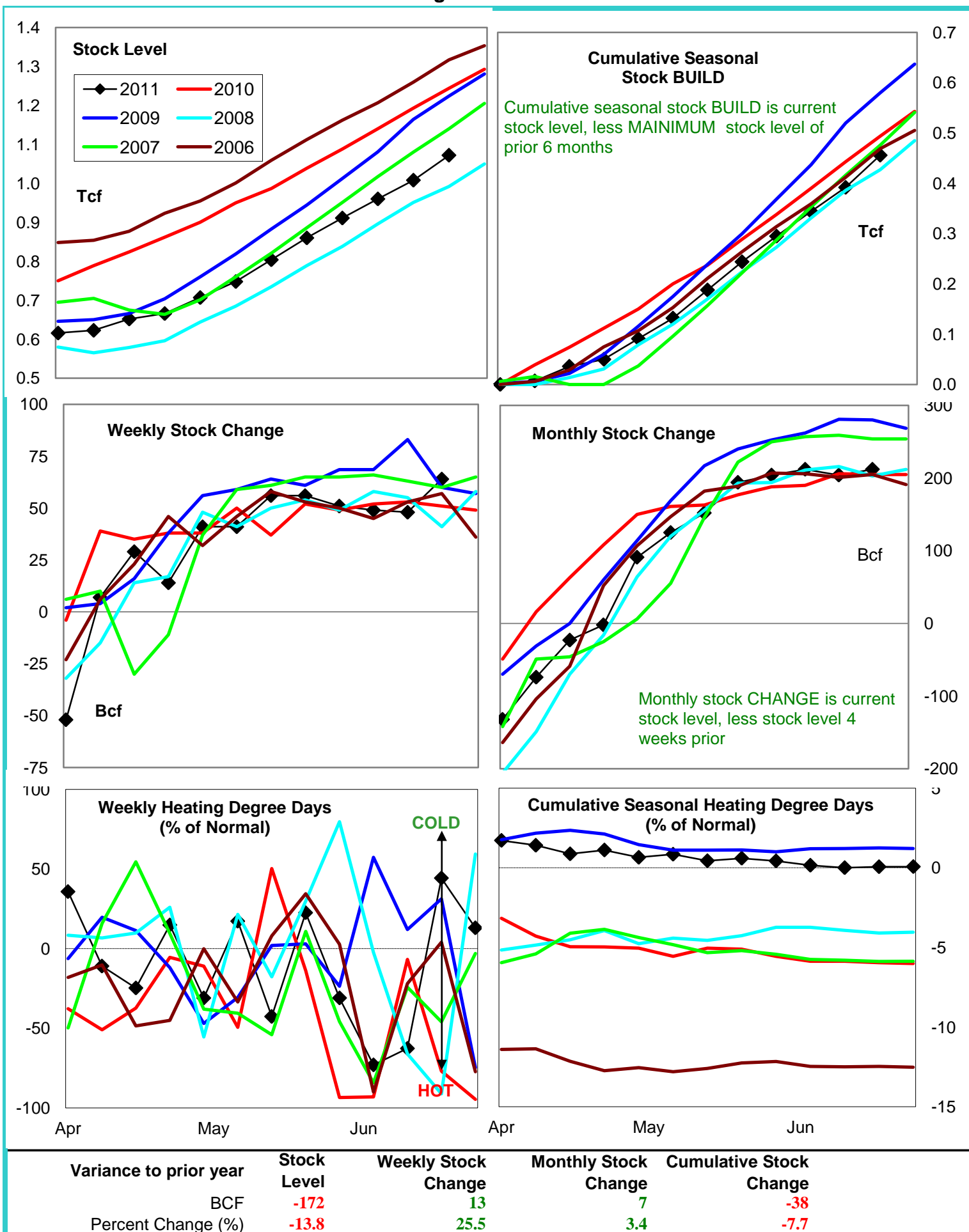
-258  
-9.9

17  
21.0

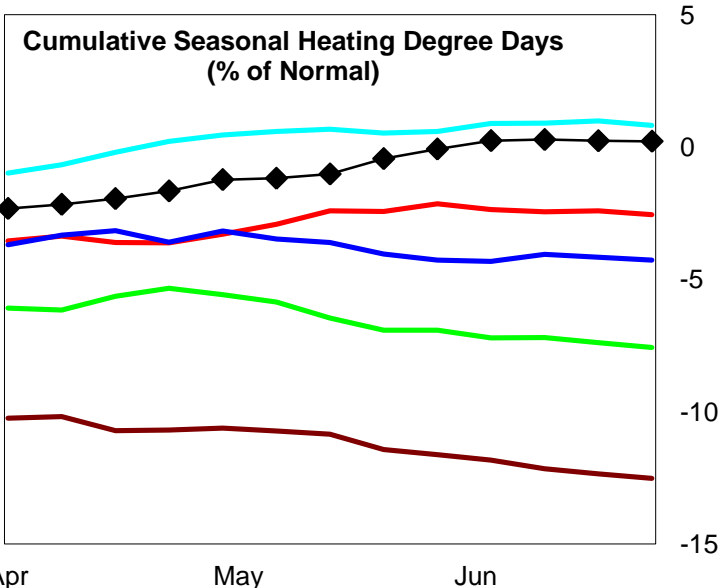
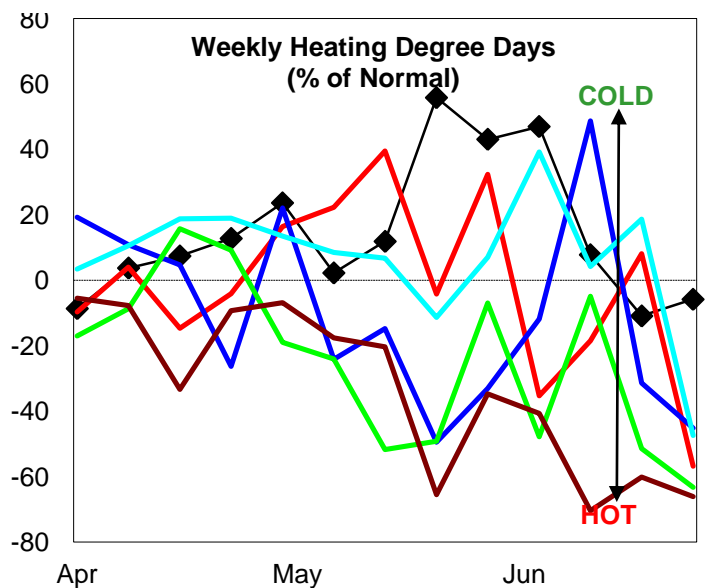
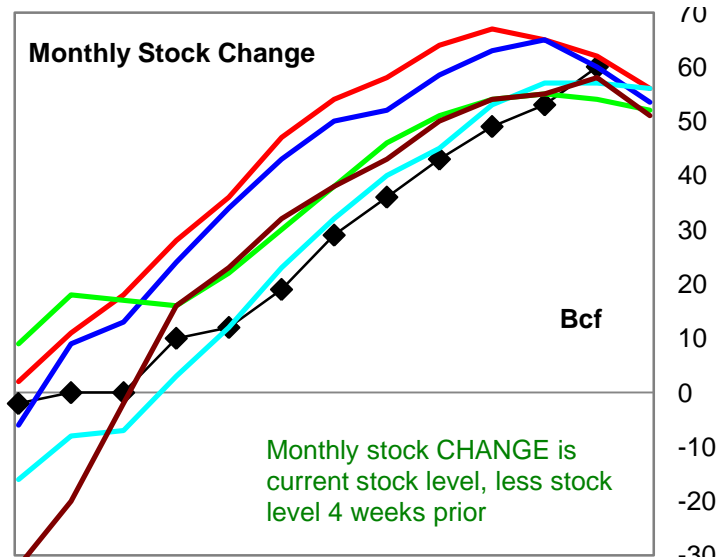
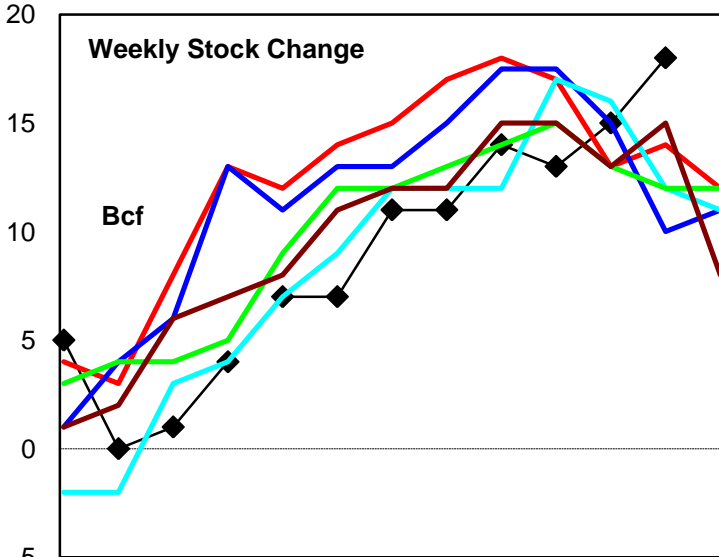
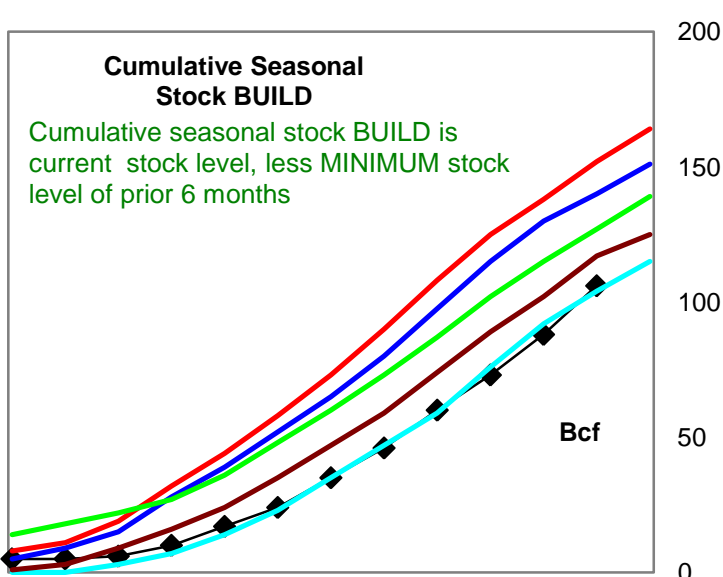
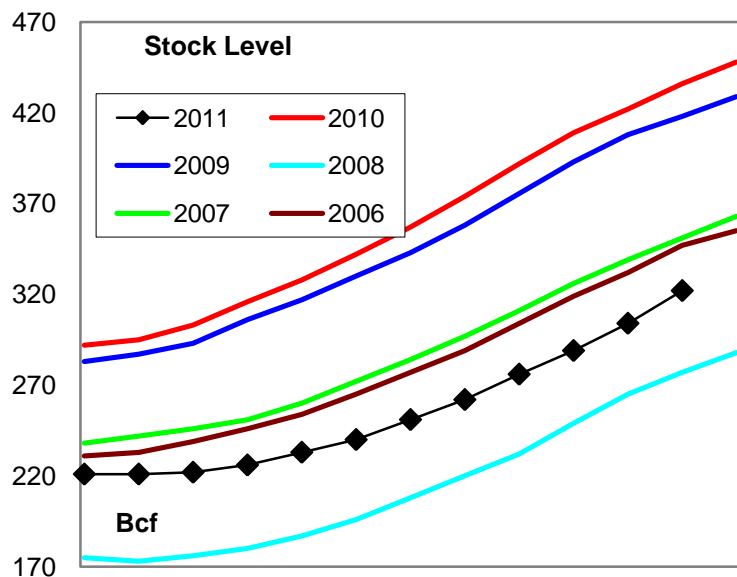
-28  
-7.8

-220  
-22.1

# 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

-114

4

-2

-46

Percent Change (%)

-26.1

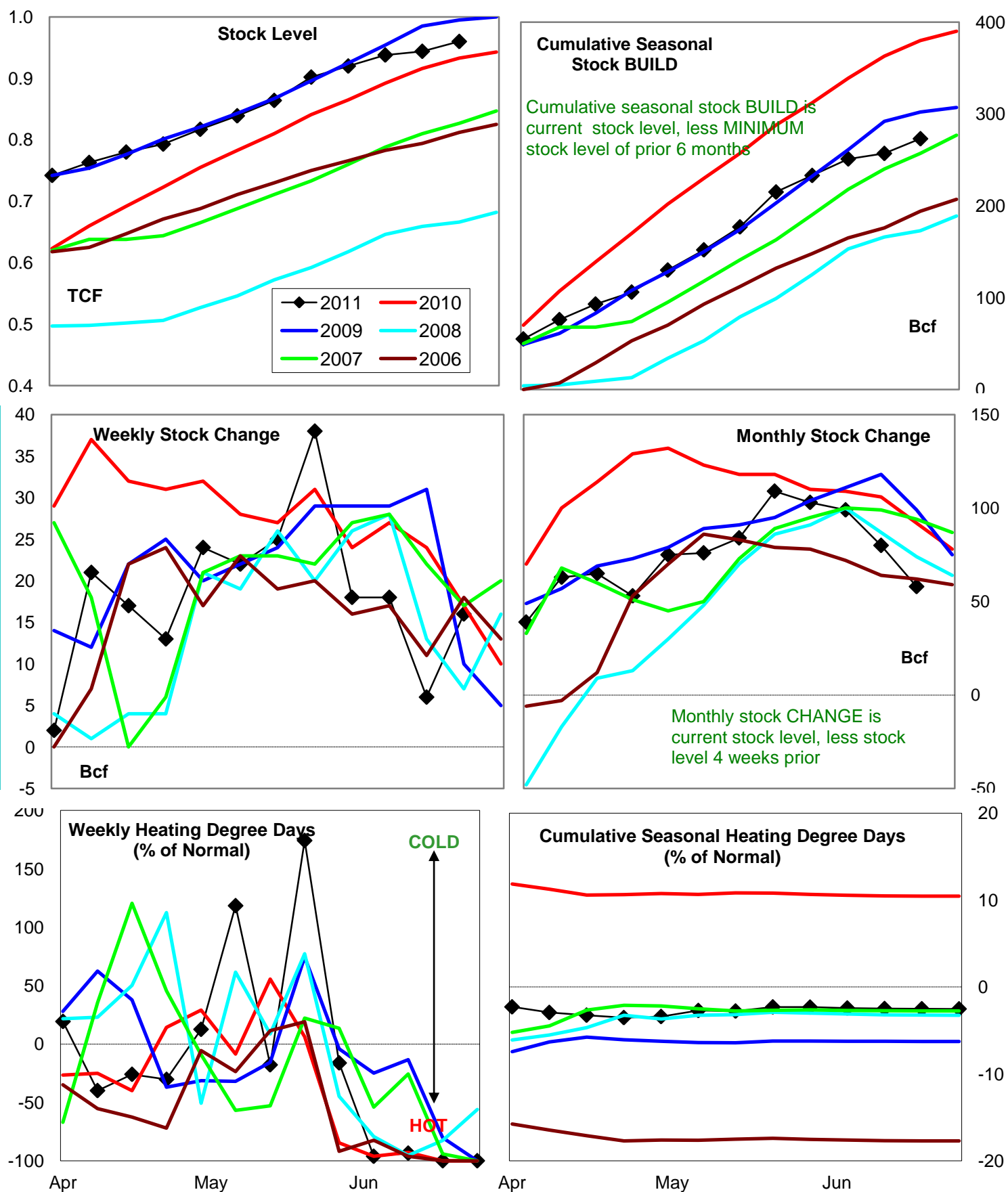
28.6

-3.2

-30.3



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

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

27

-1

-34

-107

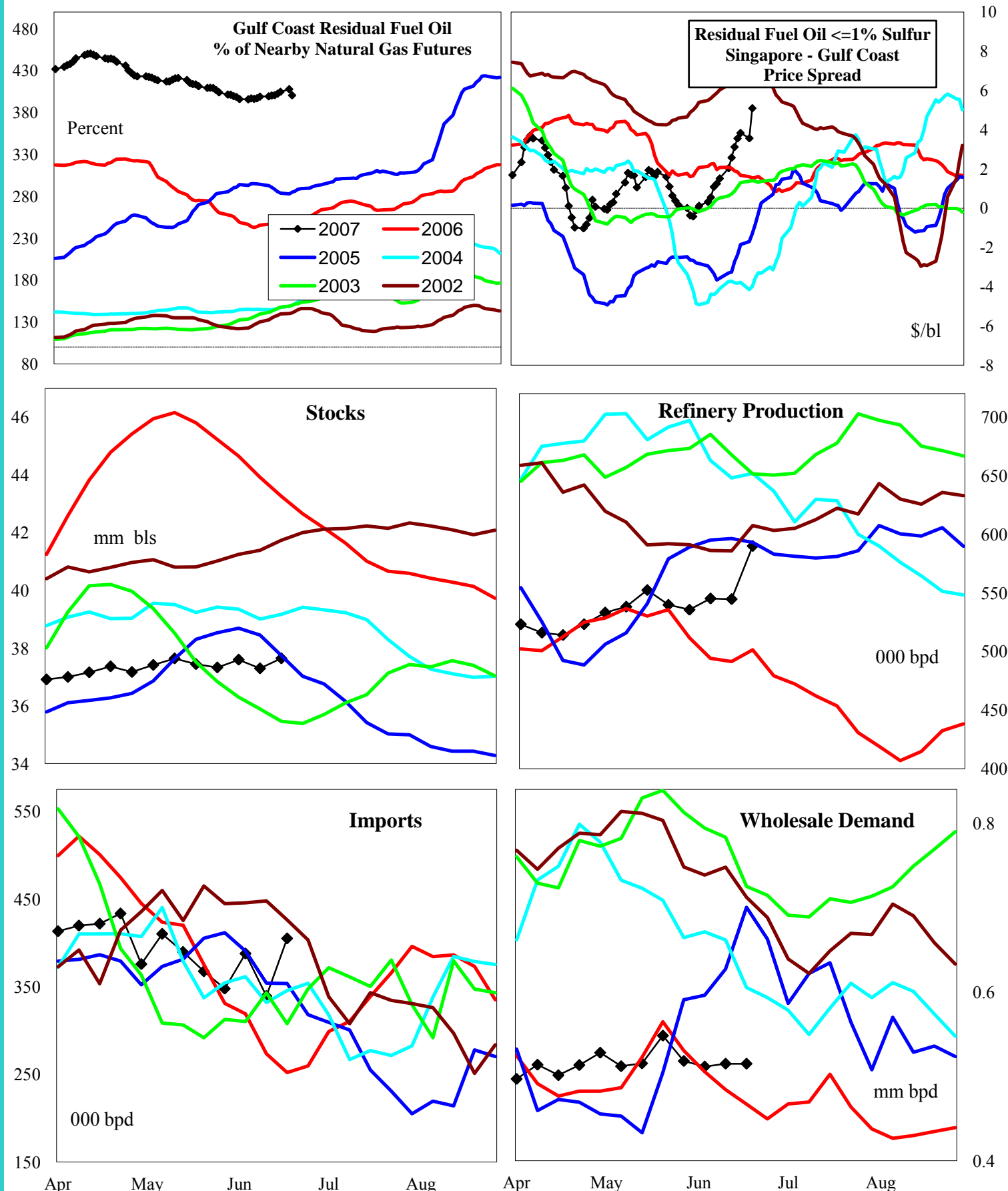
2.9

-5.9

-37.0

-28.2

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-5,278

-12.3

Prod

58

11.9

Imports

77

28.5

Demd=&gt;

4wk avg

11

2.1

May

25

4.9

Apr

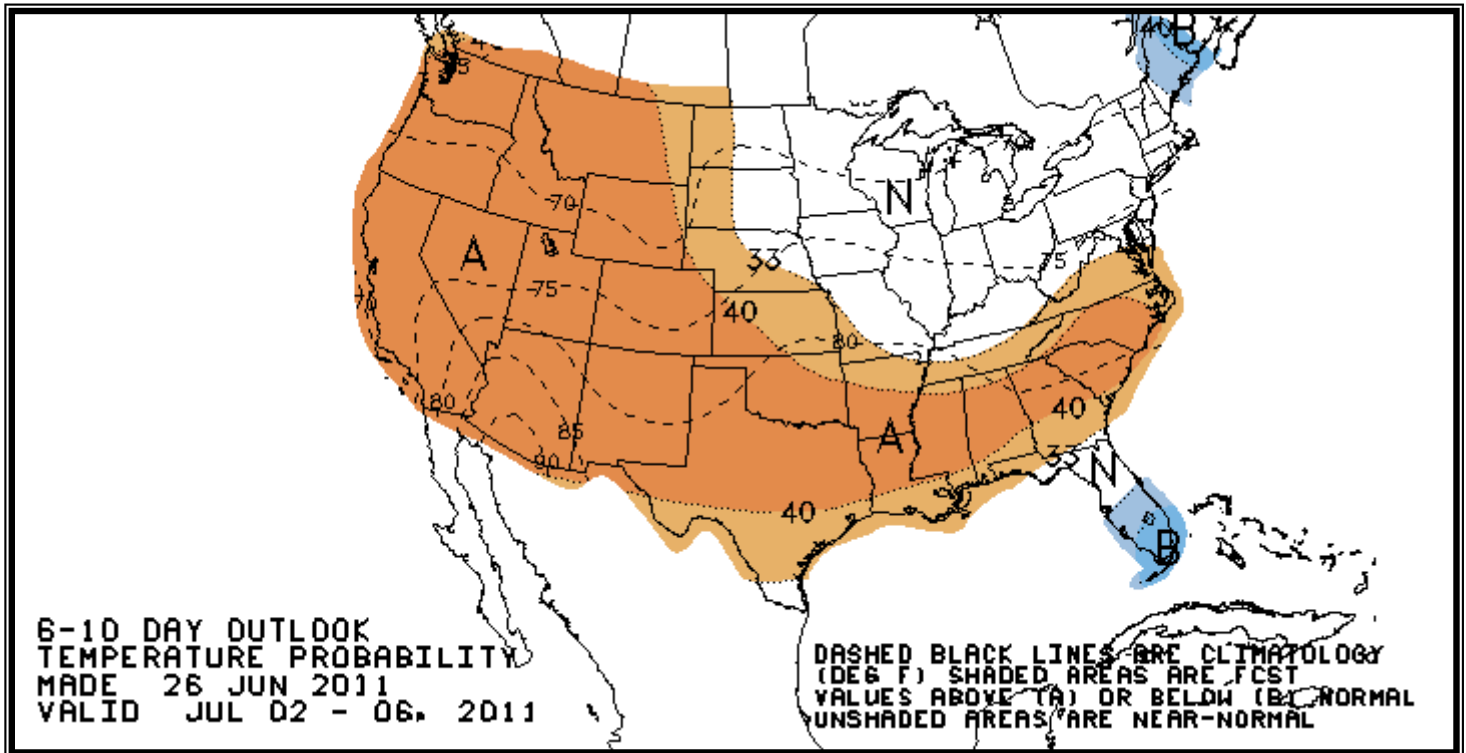
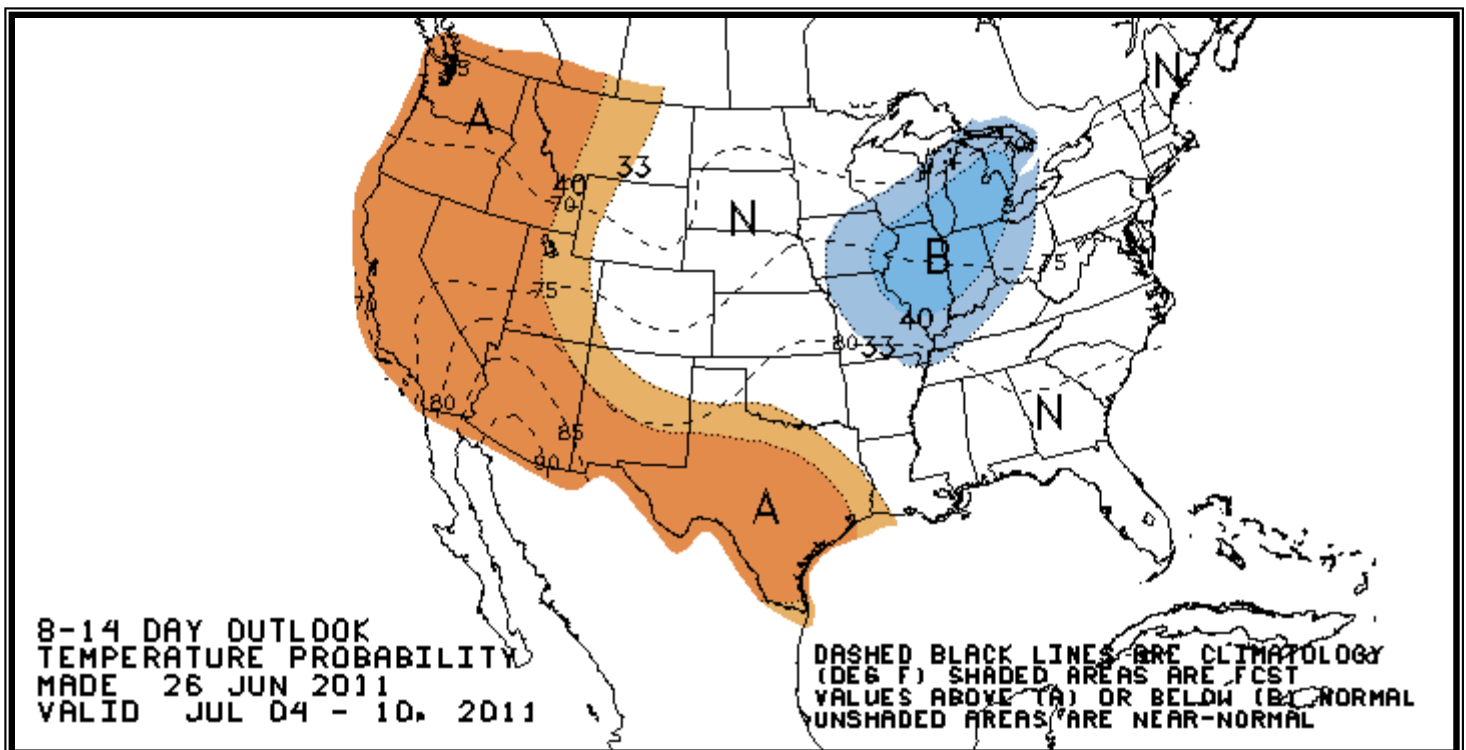
-85

-14.7

Mar

21

3.9

**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

