



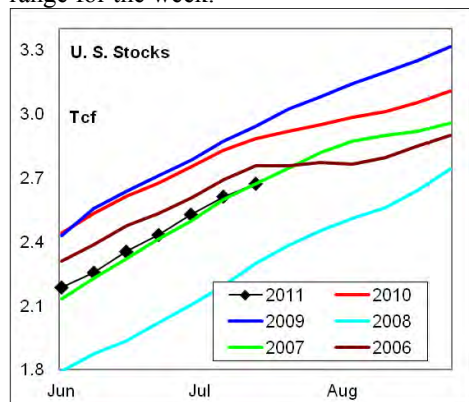
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

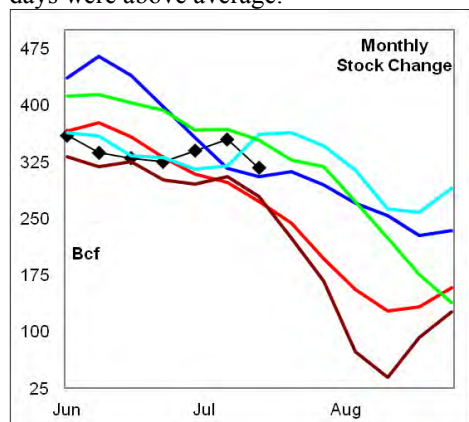
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, July 21, 2011



**Summary**<sup>1</sup> The stock build of +60 Bcf for the week was at the low end of the historic range for the week.



The latest 4-wk stock build was above the mid range, even though cooling degree days were above average.



In the East Region stocks increased +50 Bcf for the period, a level below the mid range for the week. Stocks increased +16 Bcf in the West Region, a record build for the week. The stock draw of -6 Bcf in the Producing Region was a record large draw for the period.

Cooling degree days were +20% above normal in the East Region, -25% below normal in the West Region and +26% above normal in the Producing Region for the week ending 16Jul11.

**Heating degree days** were +13% above normal for the week ended 16Jul11, and forecast to be +41% above normal for the week ending 23Jul11.

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

[Data Source is EIA Weekly Statistics](#)

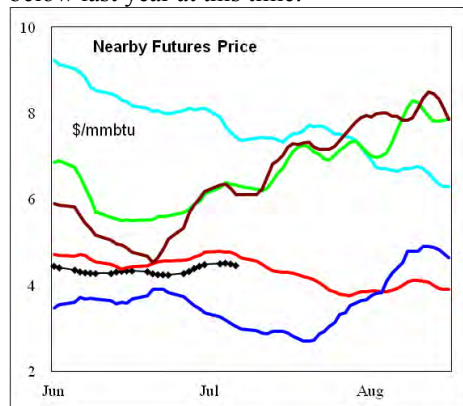
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 30Jul11 is for much above normal temperatures across the eastern 2/3rds of the country and cooler than normal in the western 1/3rd of the country.

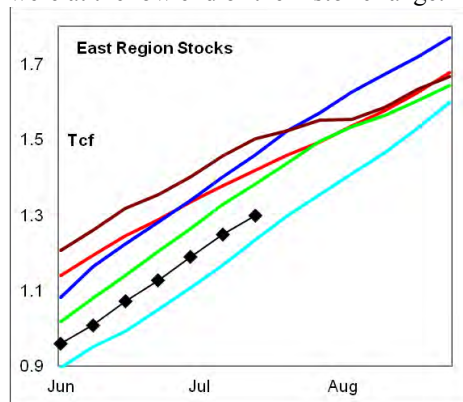
The 8-14 day NWS forecast for the week ending 03Aug11 is for above normal temperatures across the entire country.

**Prices:** Nearby gas futures prices increased +\$0.08/mmbtu for the week ending 21Jul11 on unusually high cooling degree days. Price levels ended the week slightly below last year at this time.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended higher for the week ending 21Jul11. The spread ended the week nearly flat across the curve.

**East Region** stocks increased +50 Bcf last week, a level below the mid range. The latest 4-wk build dropped below the mid range for this time of year. Stock levels were at the low end of the historic range.

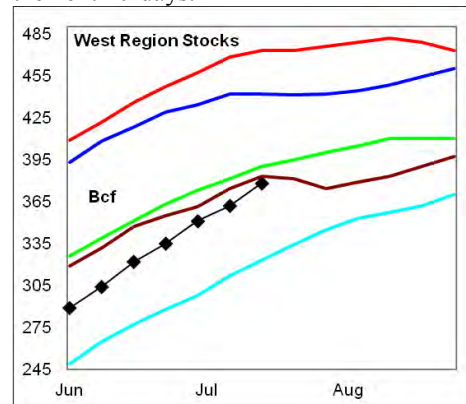


Cooling degree days in the region were +20% above normal for the week ending 16Jul11, and forecast to be +58% above normal for the week ending 23Jul11. Much above normal cooling degree days are forecast for the next 10-days.

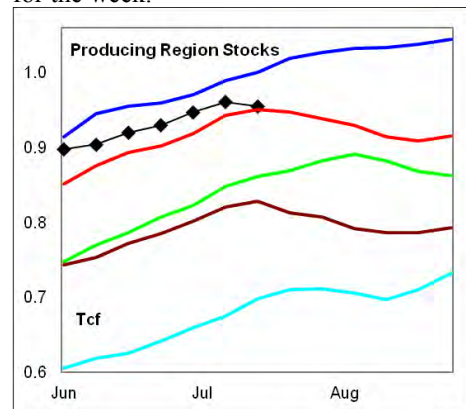
**West Region** stocks increased +16 Bcf on the week, a record high build for this time of year. Stock levels ended the week below the mid range. The latest 4-wk

stock build was a record high for this time of year for the 4th consecutive week.

Cooling degree days were -25% below normal for the week ending 16Jul11, and forecast to be +20% above normal for the week ending 23Jul11. Slightly below normal cooling degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a draw of -6 Bcf on the week, a record draw for the week. The monthly stock build was also a record low build for the period. Stock levels were below the 5-year high for the week.



Cooling degree days were +26% above normal for the week ending 16Jul11, and forecast to be +15% above normal for the week ending 23Jul11. Much 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:** Unusually high cooling degree days through month end should continue to support prices. In the absence of hurricane disruptions, expect price weakness on any forecast of below normal cooling degree days; driven by high production and weak non electric power demand.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: July 21, 2011

For the week ending: 15-Jul-11

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

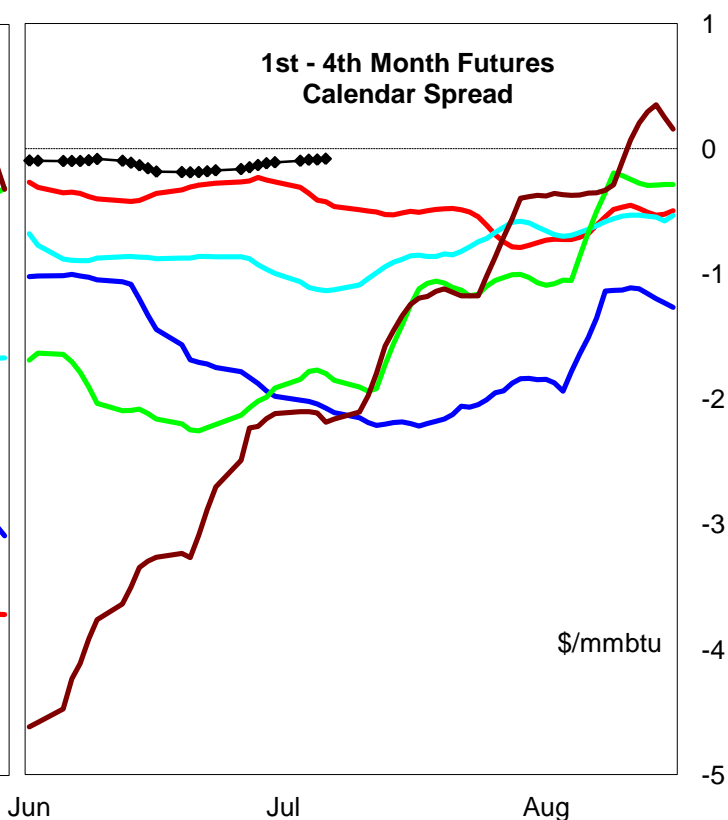
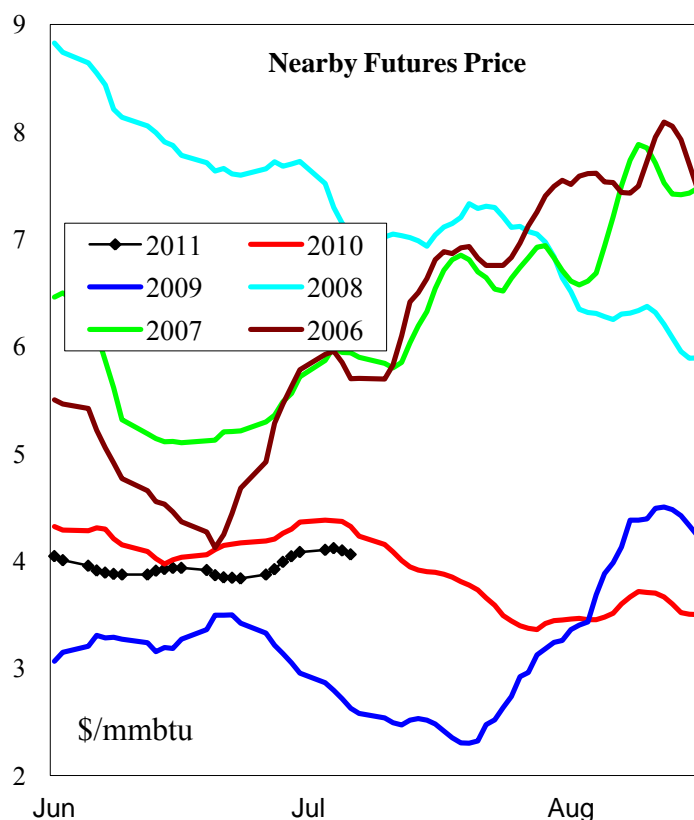
Week ending:	15-Jul-11			9-Jul-11		16-Jul-11		23-Jul-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,671	60	-7.4	18	25%	-4	13%	22	41%
East	1,298	50	-8.5	19	22%	3	20%	29	58%
West	378	16	-20.1	26	38%	-30	-25%	25	20%
Producing	995	-6	0.4	2	22%	9	26%	-11	15%

### Seasonal Trends in Stocks and Cooling Degree Days

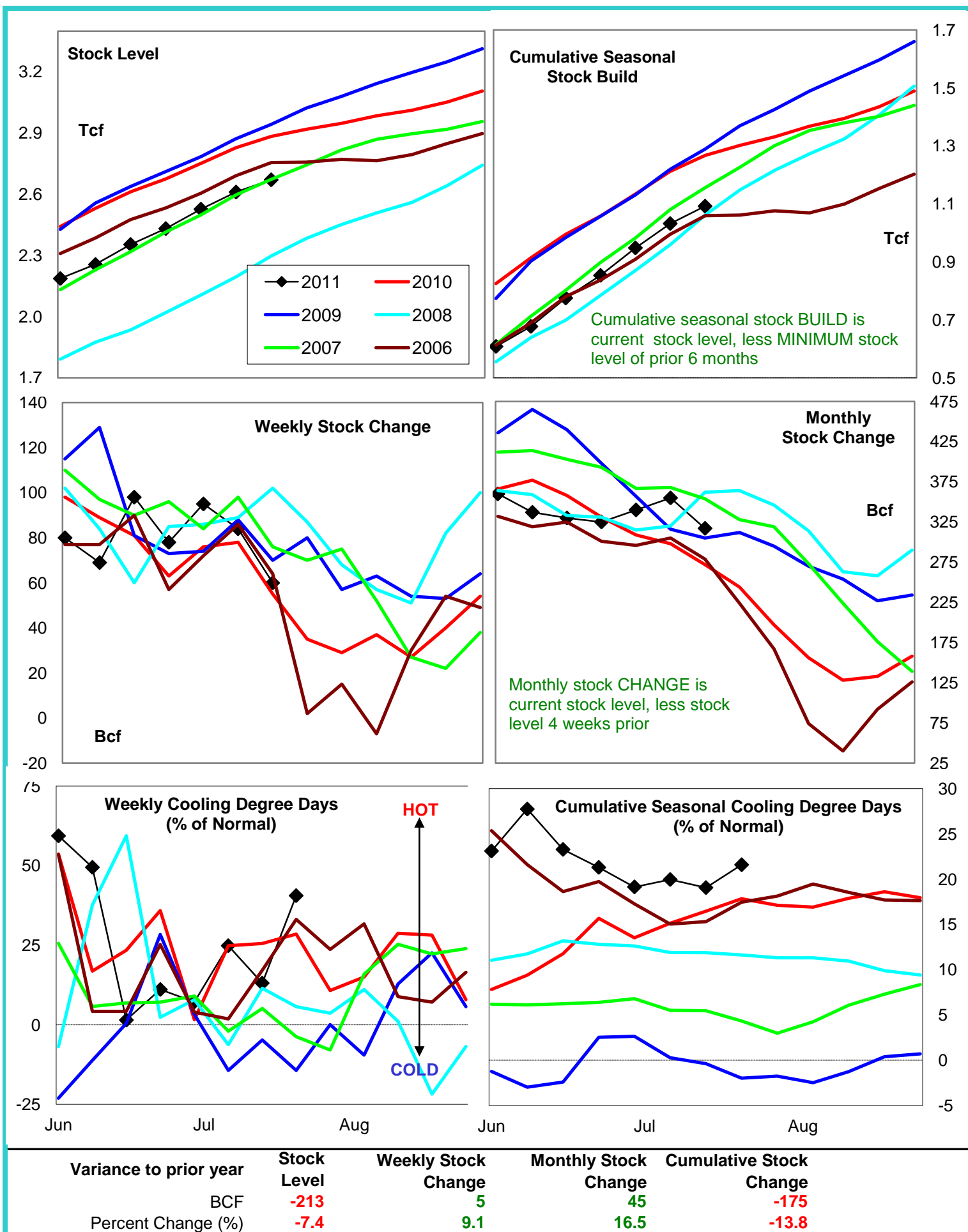
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
<b>U.S. Total</b>	<b>1,092</b>	<b>-175</b>	<b>-16.0</b>	<b>98</b>	<b>20%</b>	<b>107</b>	<b>19%</b>	<b>138</b>	<b>22%</b>
<b>East</b>	<b>682</b>	<b>13</b>	<b>1.9</b>	<b>321</b>	<b>25%</b>	<b>351</b>	<b>24%</b>	<b>369</b>	<b>28%</b>
<b>West</b>	<b>162</b>	<b>-27</b>	<b>-16.7</b>	<b>-69</b>	<b>-21%</b>	<b>-82</b>	<b>-21%</b>	<b>-72</b>	<b>-16%</b>
<b>Producing</b>	<b>308</b>	<b>-130</b>	<b>-42.2</b>	<b>321</b>	<b>35%</b>	<b>351</b>	<b>34%</b>	<b>369</b>	<b>32%</b>

### Futures Market Price Trends

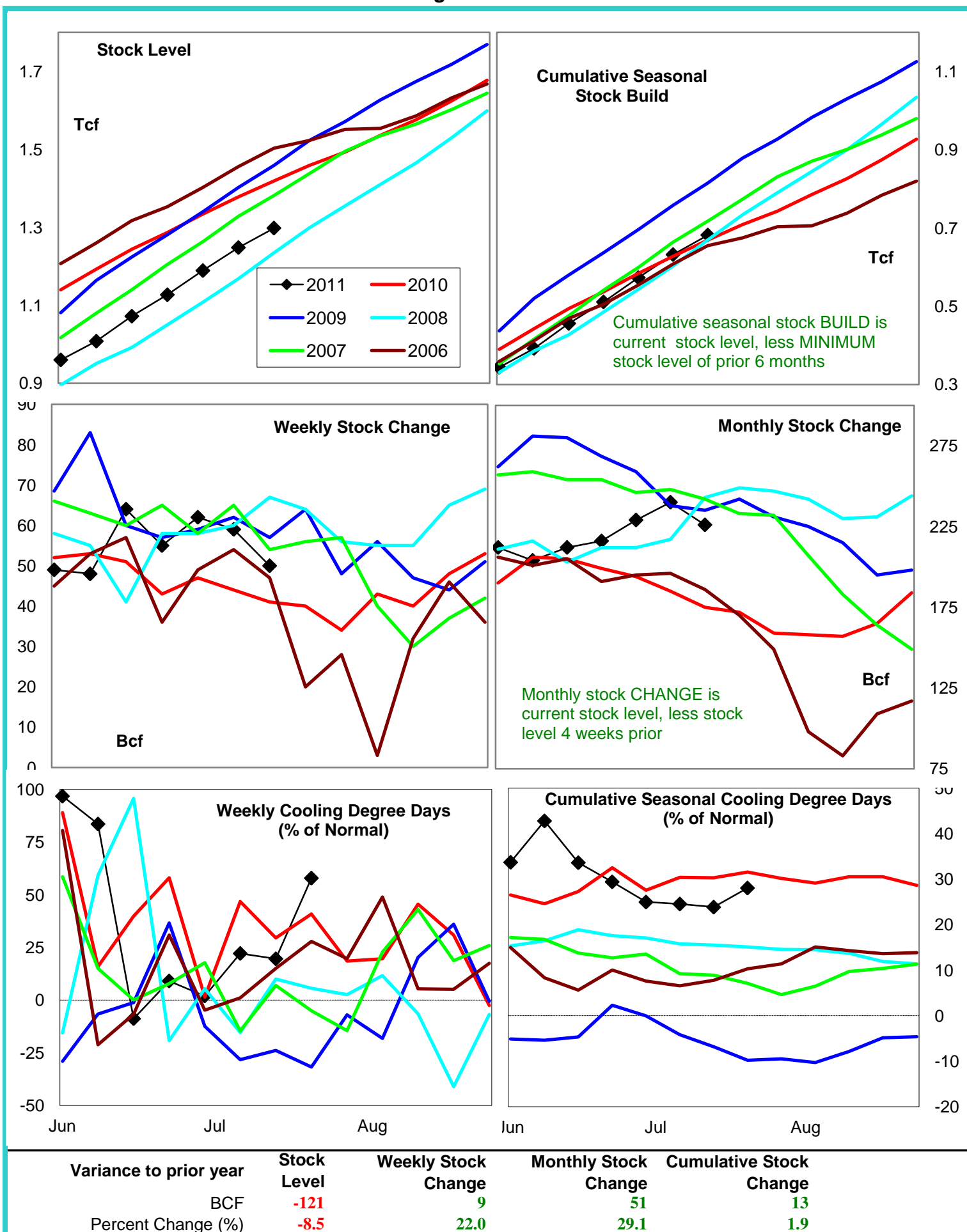
Date:	19-Jul-11	Change vs prior week, month, year		
		13-Jul-11	21-Jun-11	9-Jul-10
<b>1st month Futures</b>	<b>4.46</b>	<b>-0.09</b>	<b>0.23</b>	<b>-0.28</b>
<b>% change</b>	xxxxx	<b>-2.0</b>	<b>5.4</b>	<b>-5.9</b>



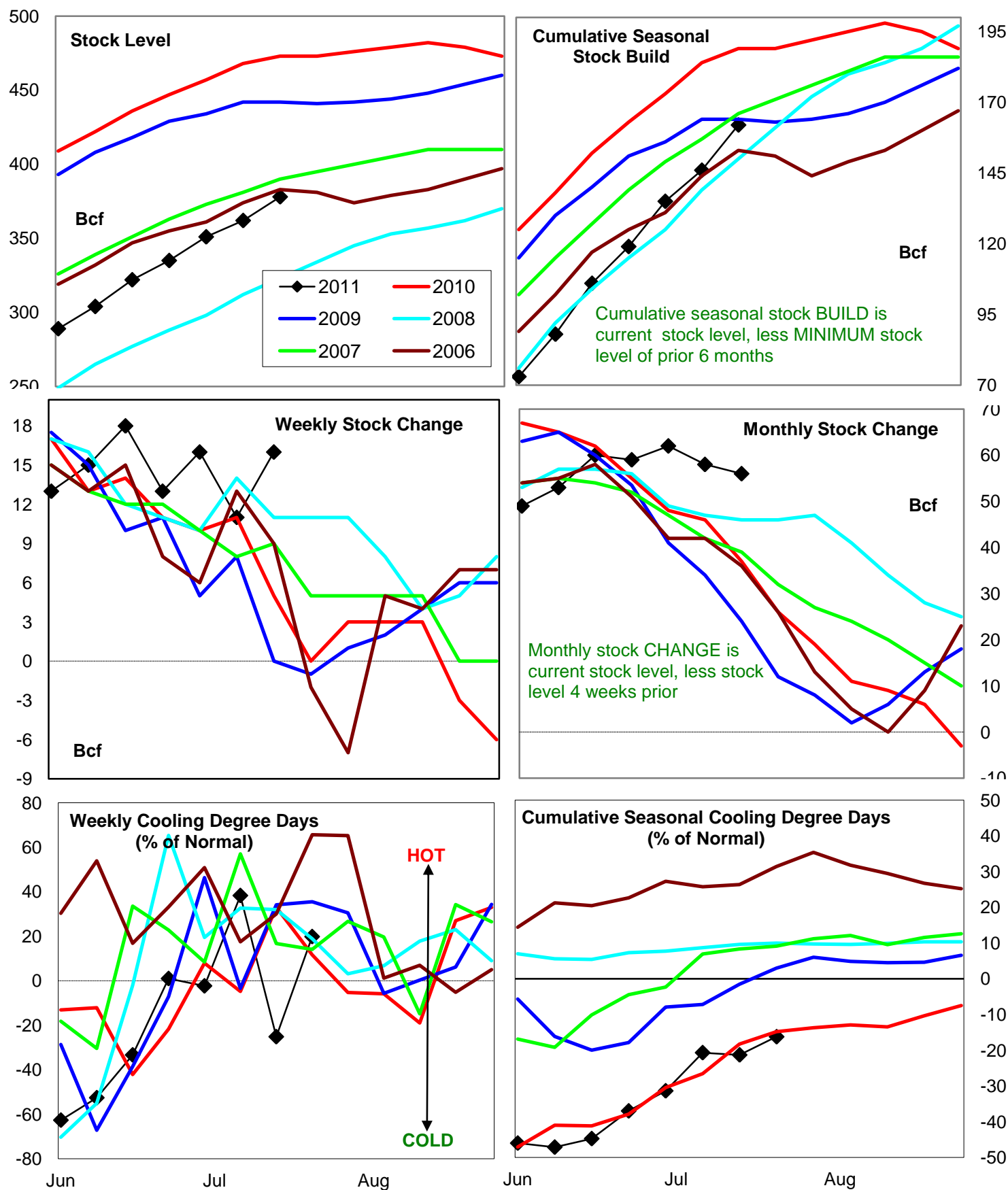
# United States Natural Gas Stock and Weather Trends



# 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

-95

11

19

-27

Percent Change (%)

-20.1

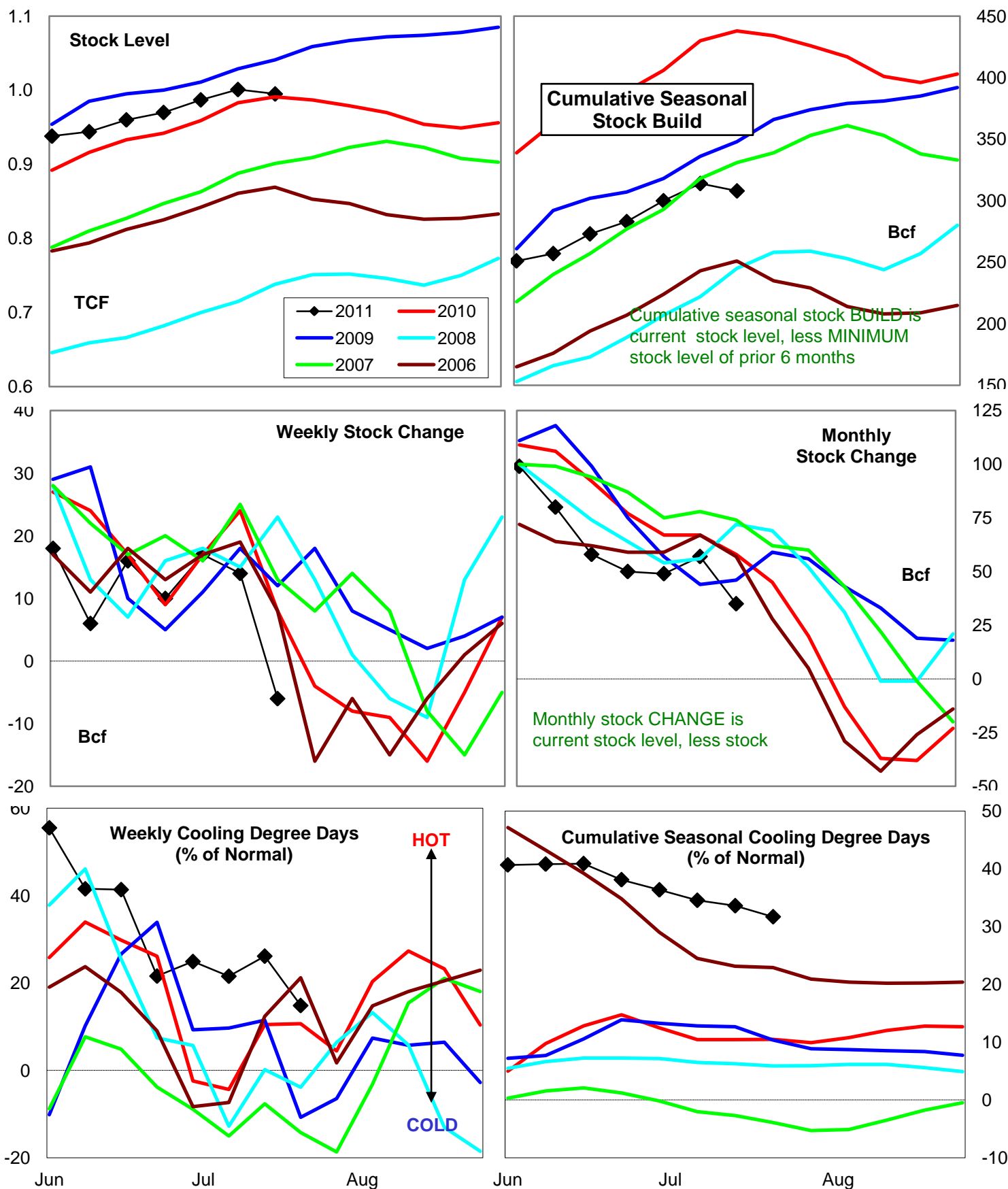
220.0

51.4

-14.3



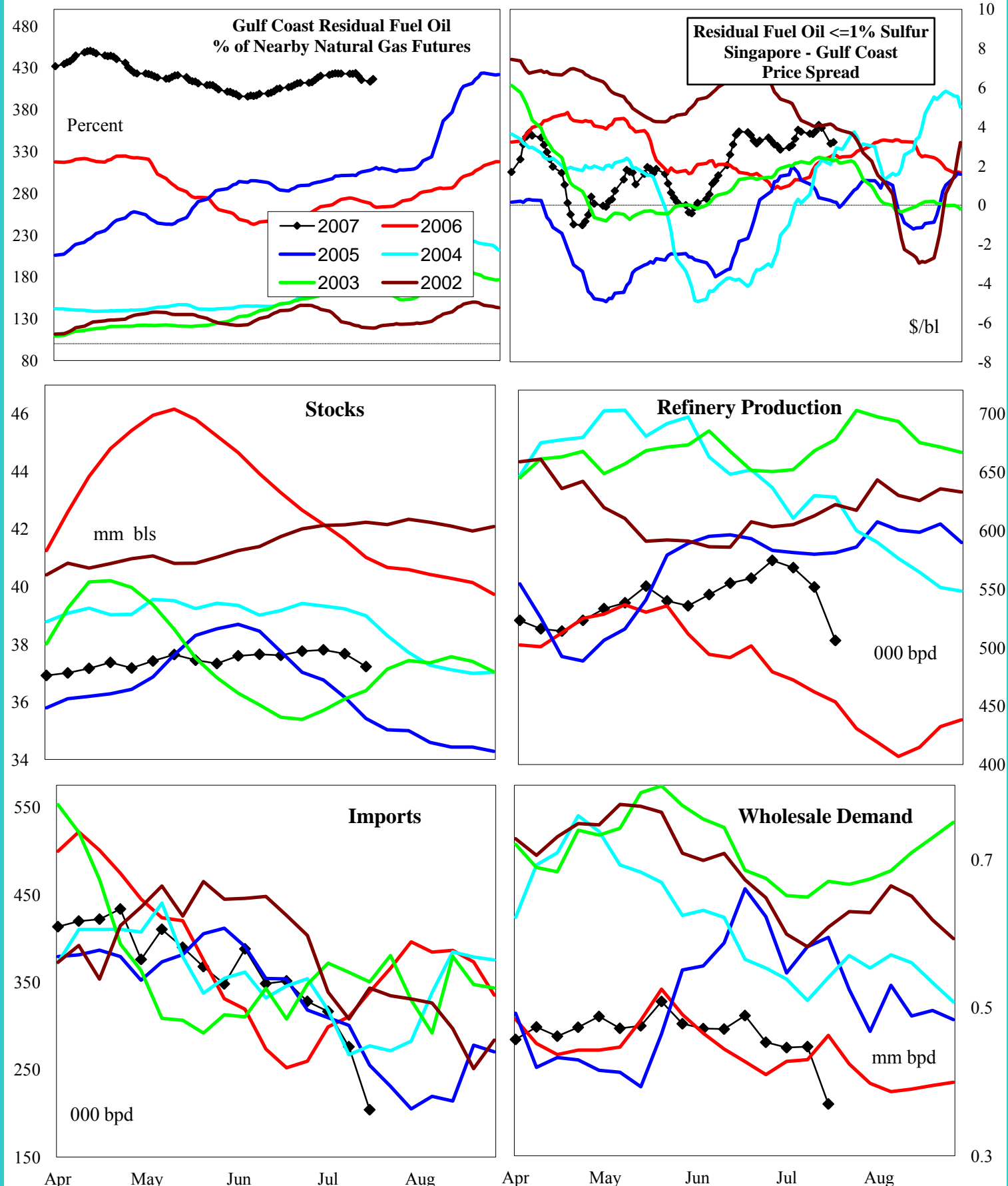
# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)4  
0.4-14  
-175.0-23  
-39.7-130  
-29.7

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

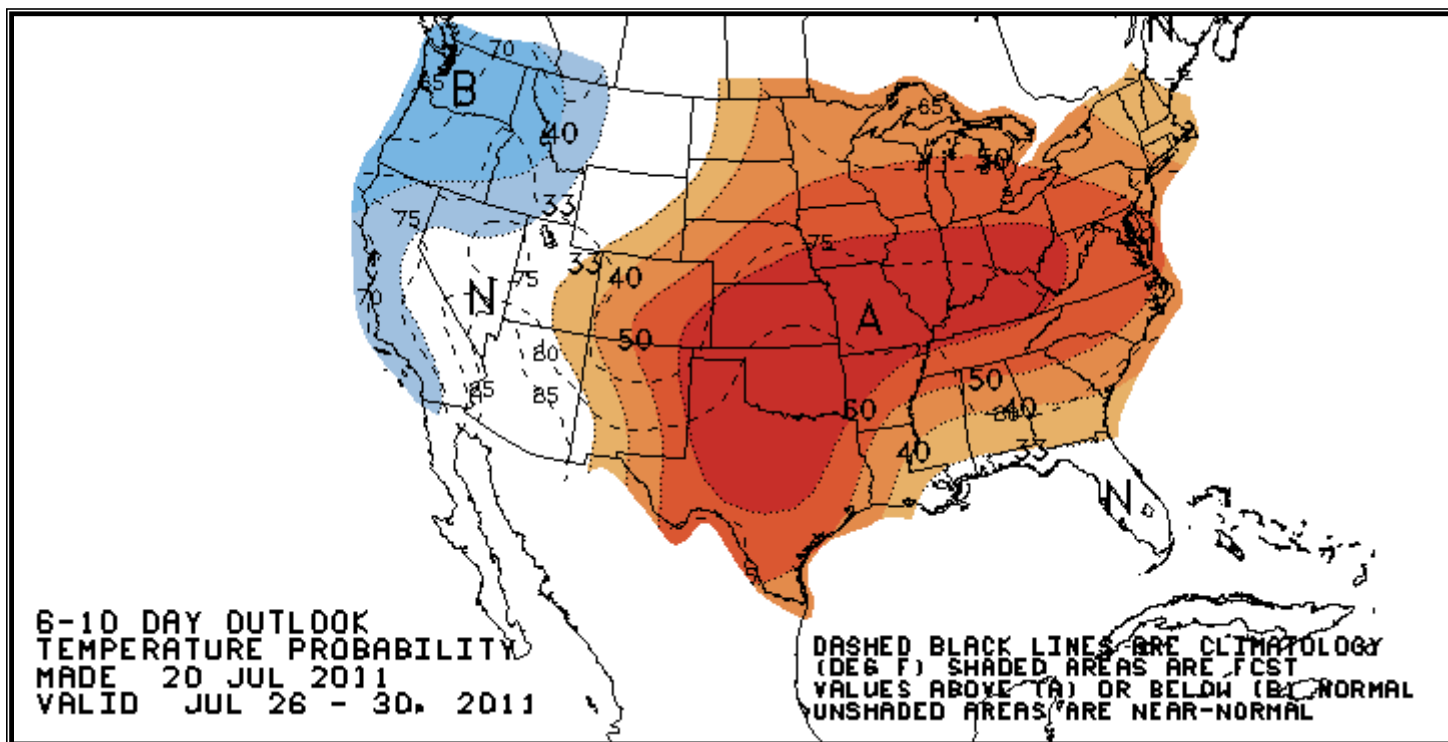


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Prod	Imports	Demd=>	4wk avg	Jun	May	Apr
-3,332	88	-11		-11	11	25	-85
-8.2	18.6	-3.5		-2.1	2.2	4.9	-14.7

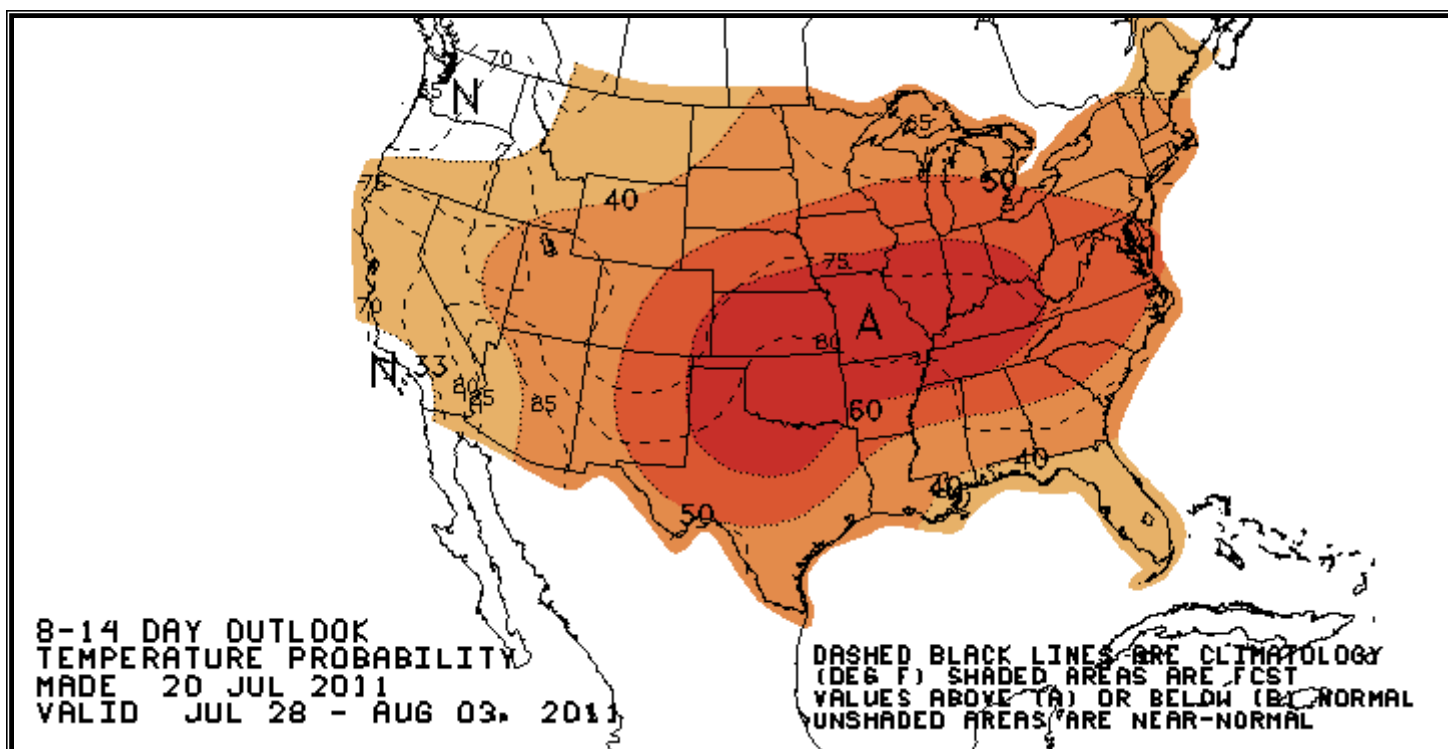
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

