

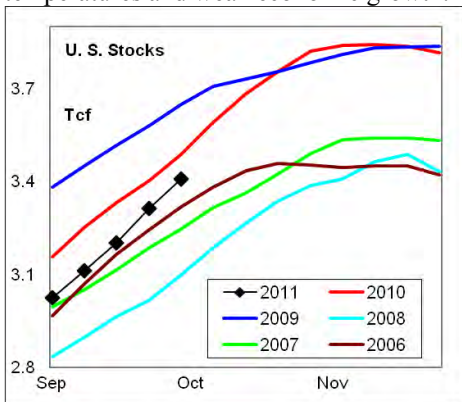
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

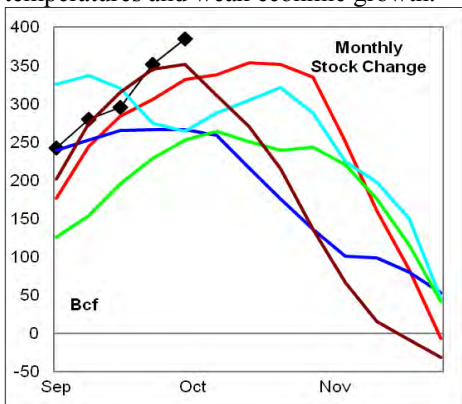
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, October 07, 2011



**Summary**<sup>1</sup> The stock build of +97 Bcf for the week was above the 5-year range for the week; driven by unusually mild temperatures and weak economic growth.



The latest 4-wk stock build was above the historic range, again the result of mild temperatures and weak economic growth.



In the East Region stocks increased +61 Bcf for the period, the 3rd consecutive record high weekly build. Stocks increased +12 Bcf in the West Region, a level that matched the 5-year high for this week. The stock build of +24 Bcf in the Producing Region was at the mid range.

Cooling degree days were +43% above normal in the East Region, +22% above normal in the West Region and +34% above normal in the Producing Region for the week ending 01Oct11.

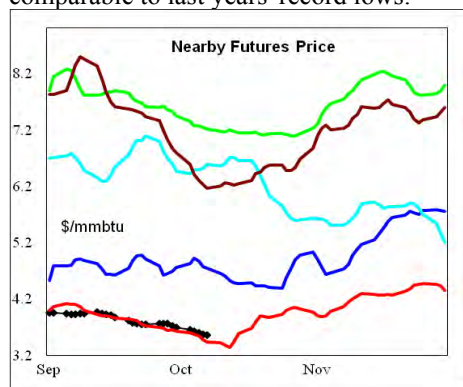
**Cooling degree days** were +33% above normal for the week ended 01Oct11, and forecast to be -25% below normal for the

week ending 08Oct11.

The 6-10 day NWS forecast for the week ending 16Oct11 is for above normal cooling degree days in the central plains and southwest, with other areas near normal.

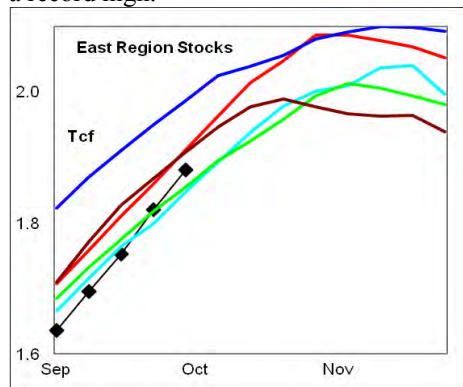
The 8-14 day NWS forecast for the week ending 20Oct11 is for above normal cooling degree days from the southwest through the Great Lakes region, with the northwest and southeast near normal.

**Prices:** Nearby gas futures prices decreased -\$0.12/mmbtu for the week ending 07Oct11. Price levels ended the week comparable to last years' record lows.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended lower for the week ending 07Oct11. The spread ended the week at a level comparable to the last 2-years.

**East Region** stocks increased +61 Bcf last week, the 3rd consecutive record weekly build. The latest 4-wk stock build was also a record high.

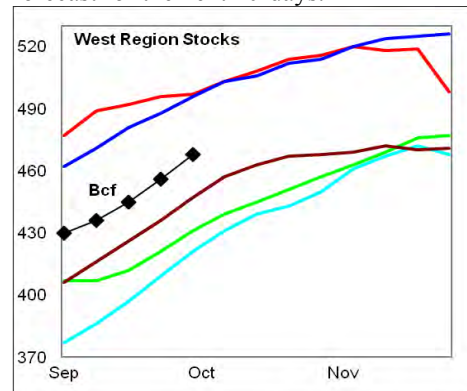


Cooling degree days in the region were +43% above normal for the week ending 01Oct11, and forecast to be -44% below normal for the week ending 08Oct11. Near normal cooling degree days are forecast for the next 10-days.

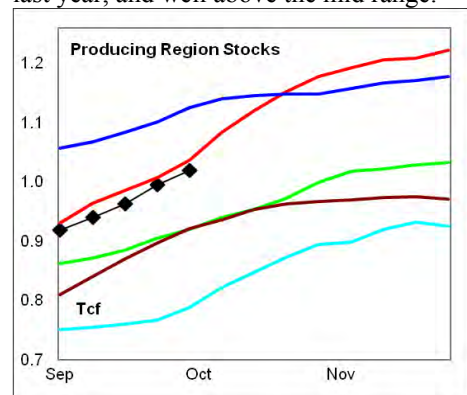
**West Region** stocks increased +12 Bcf on the week, a level that matched the 5-year high for the period. Stock levels ended the week well above the mid range. The latest

4-wk stock build was at the upper end of the historic range.

Cooling degree days were +22% above normal for the week ending 01Oct11, and forecast to be -23% below normal for the week ending 08Oct11. Above normal cooling degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a build of +24 Bcf on the week, a level at the mid range for the period. The monthly stock build was near historic highs for the period. Stock levels ended the week near last year, and well above the mid range.



Cooling degree days were +34% above normal for the week ending 01Oct11, and forecast to be +1% above normal for the week ending 08Oct11. 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:** Mild temperatures continue across most of the country and are forecast to extend into the 3rd week of October. Mild temperatures, weak economic growth and high production rates are driving a record rate of stock building. Based on these trends expect continued price weakness, until temperatures drop below normal.

### <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: October 7, 2011

For the week ending: 30-Sep-11

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

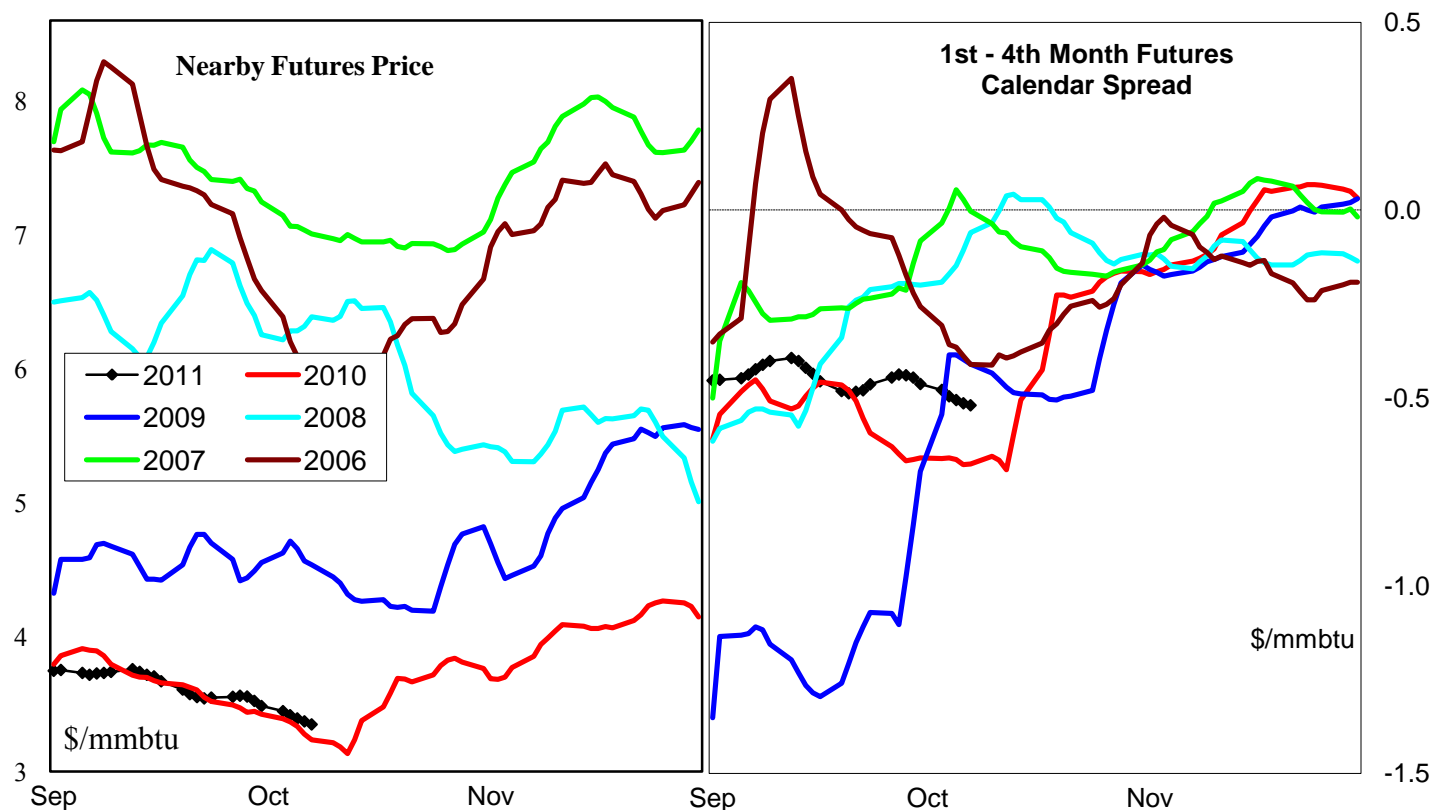
Week ending:	30-Sep-11			24-Sep-11		1-Oct-11		8-Oct-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,409	97	-2.2	-4	13%	3	33%	-25	-25%
East	1,881	61	-1.6	-8	0%	3	43%	-19	-44%
West	468	12	-5.8	16	54%	5	22%	-36	-23%
Producing	1,060	24	-1.6	-18	2%	4	34%	-28	1%

### Seasonal Trends in Stocks and Cooling Degree Days

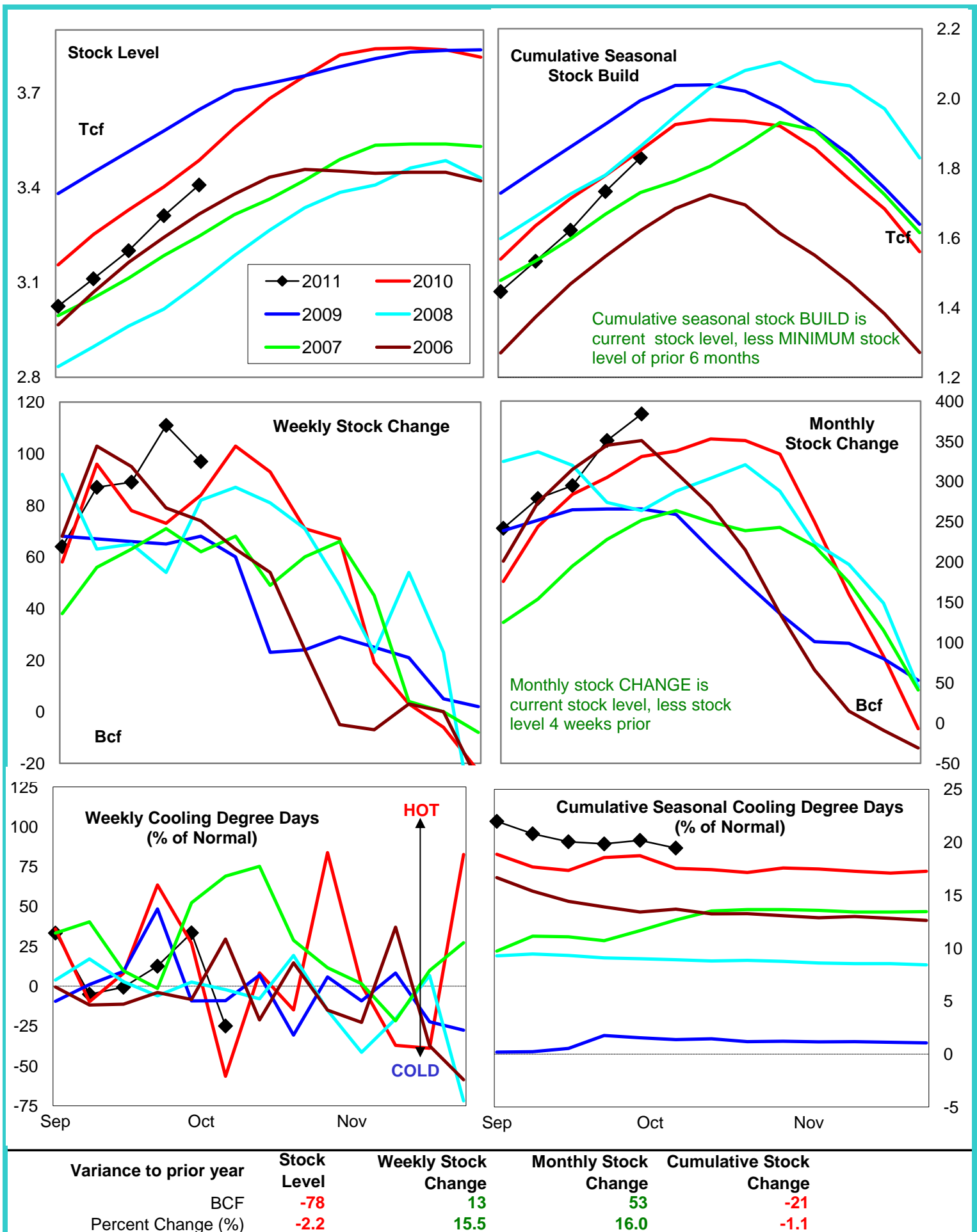
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
<b>U.S. Total</b>	<b>1,830</b>	<b>-21</b>	<b>-1.1</b>	<b>231</b>	<b>20%</b>	<b>241</b>	<b>20%</b>	<b>236</b>	<b>19%</b>
<b>East</b>	<b>1,265</b>	<b>103</b>	<b>8.1</b>	<b>565</b>	<b>23%</b>	<b>583</b>	<b>23%</b>	<b>583</b>	<b>22%</b>
<b>West</b>	<b>252</b>	<b>43</b>	<b>17.1</b>	<b>-8</b>	<b>-1%</b>	<b>1</b>	<b>0%</b>	<b>-3</b>	<b>0%</b>
<b>Producing</b>	<b>320</b>	<b>-163</b>	<b>-50.9</b>	<b>565</b>	<b>27%</b>	<b>583</b>	<b>28%</b>	<b>583</b>	<b>27%</b>

### Futures Market Price Trends

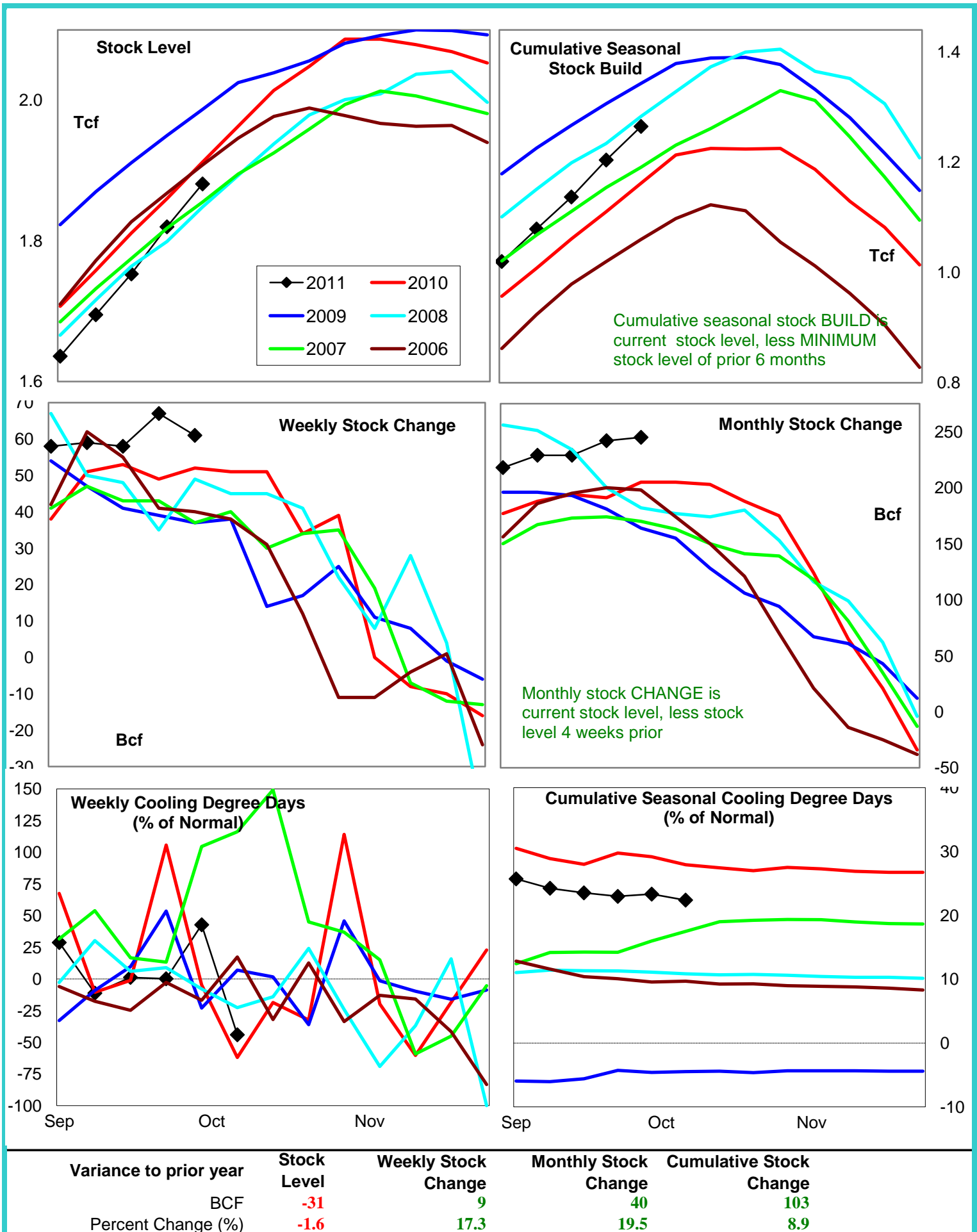
Date:	7-Oct-11	Change vs prior week, month, year		
		3-Oct-11	12-Sep-11	29-Sep-10
<b>1st month Futures</b>	<b>3.55</b>	<b>-0.07</b>	<b>-0.34</b>	<b>0.18</b>
<b>% change</b>	xxxxx	<b>-1.9</b>	<b>-8.7</b>	<b>5.3</b>



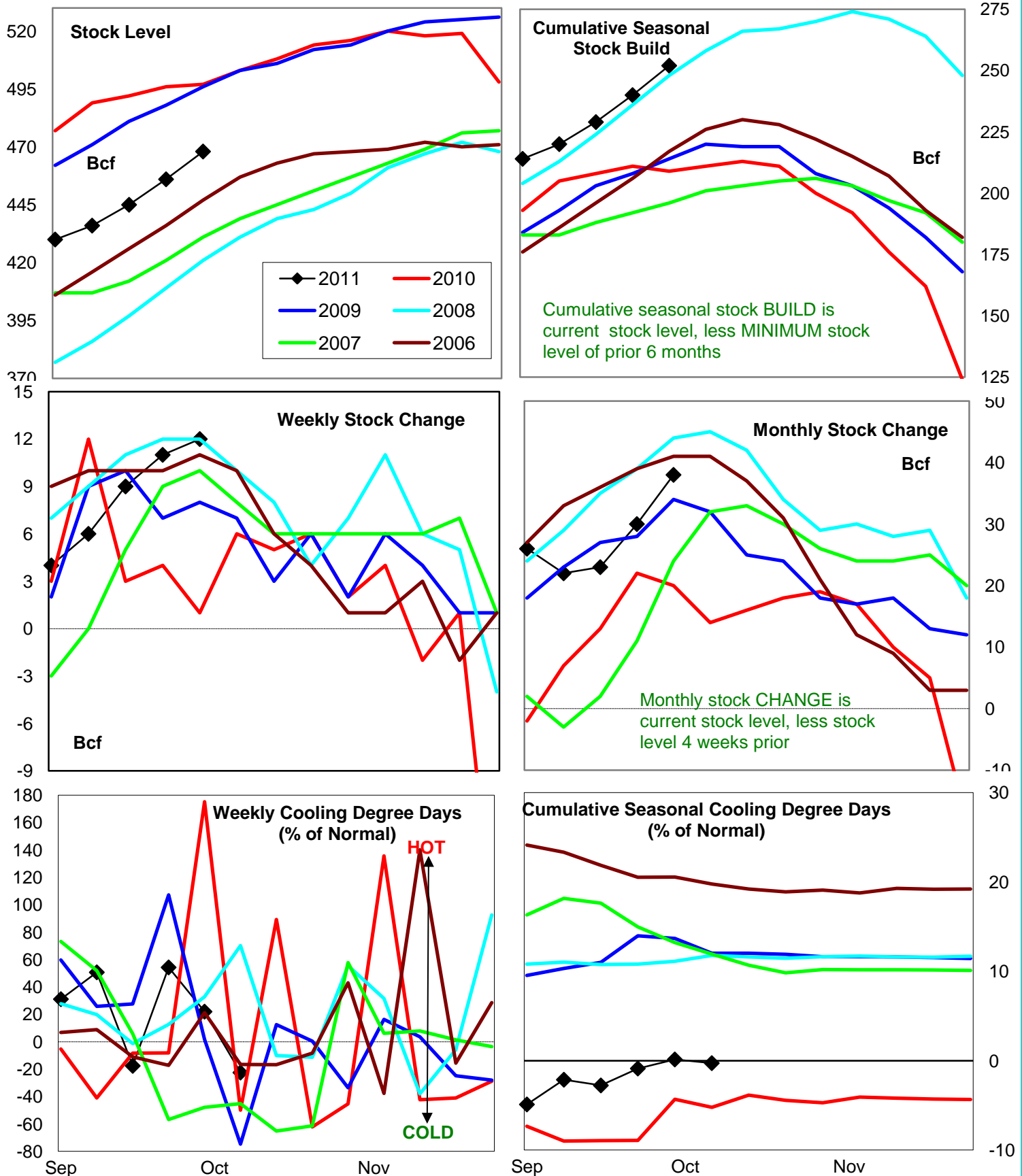
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends

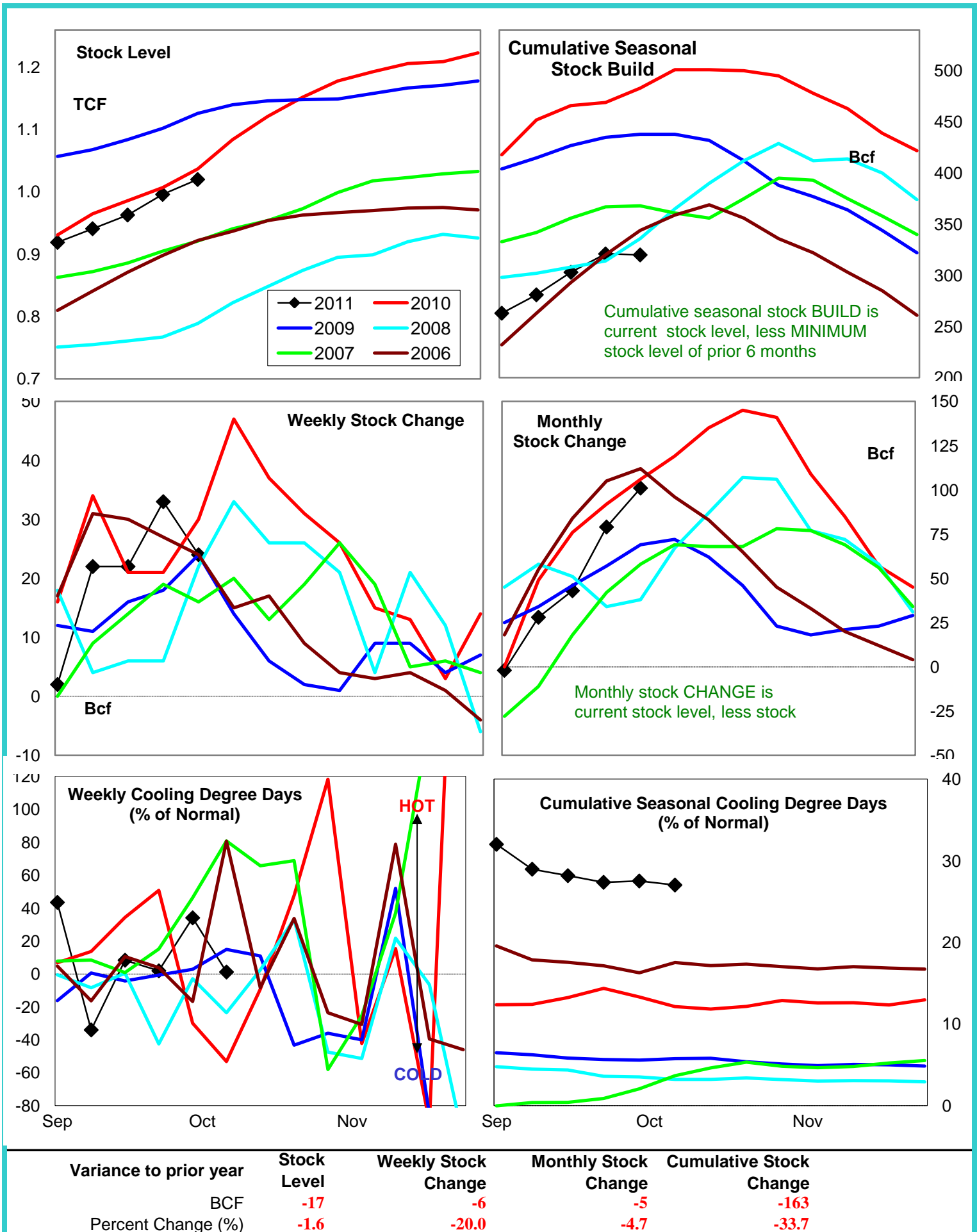


Variance to prior year

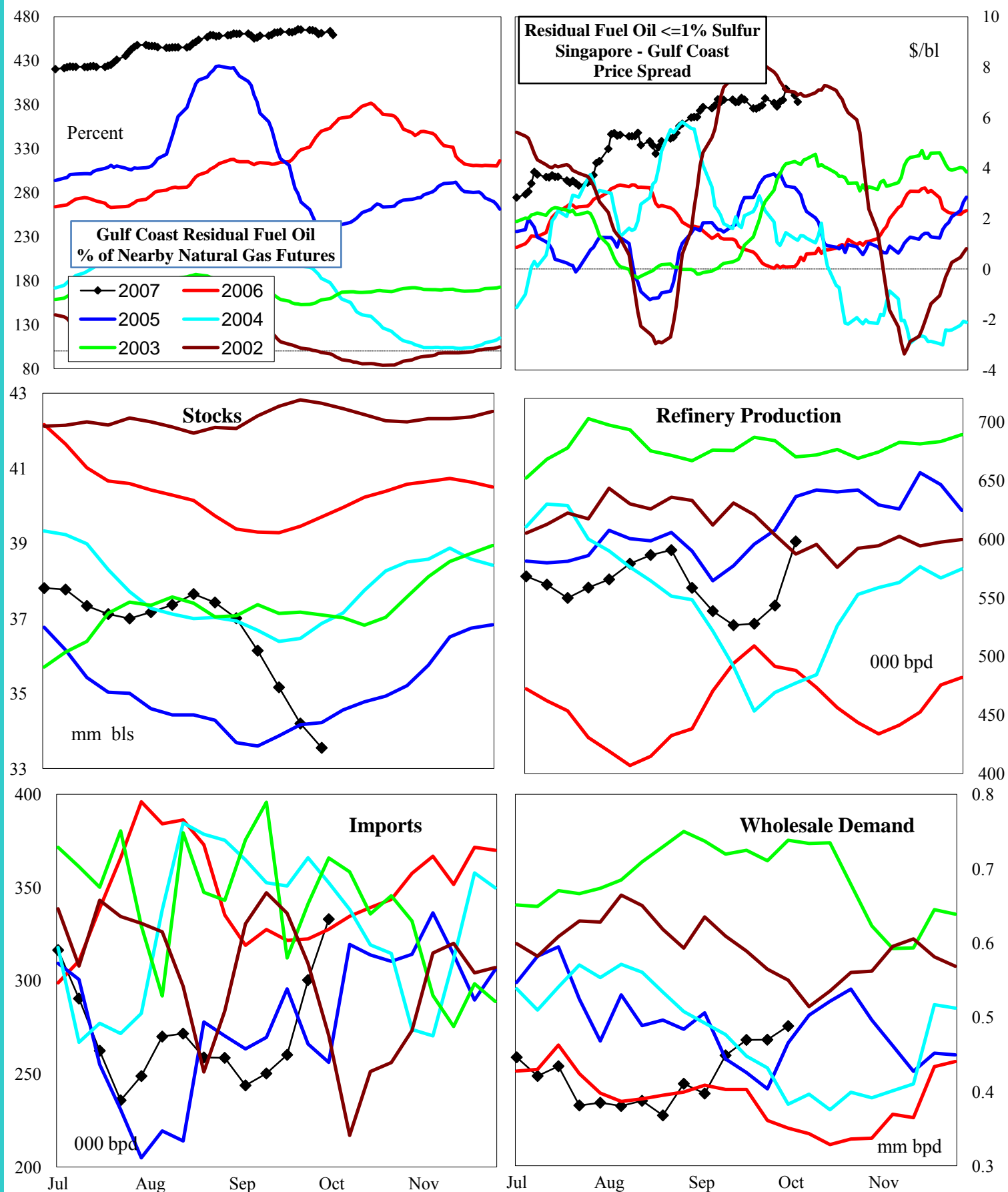
Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)-29  
-5.811  
1,100.018  
90.043  
20.6



# Natural Gas Producing Region Stock and Weather Trends



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



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-6,044

-15.3

Prod

22

4.4

Imports

-23

-7.4

Demd=&gt;

4wk avg

116

27.8

Aug

-62

-13.0

Jul

-164

-27.6

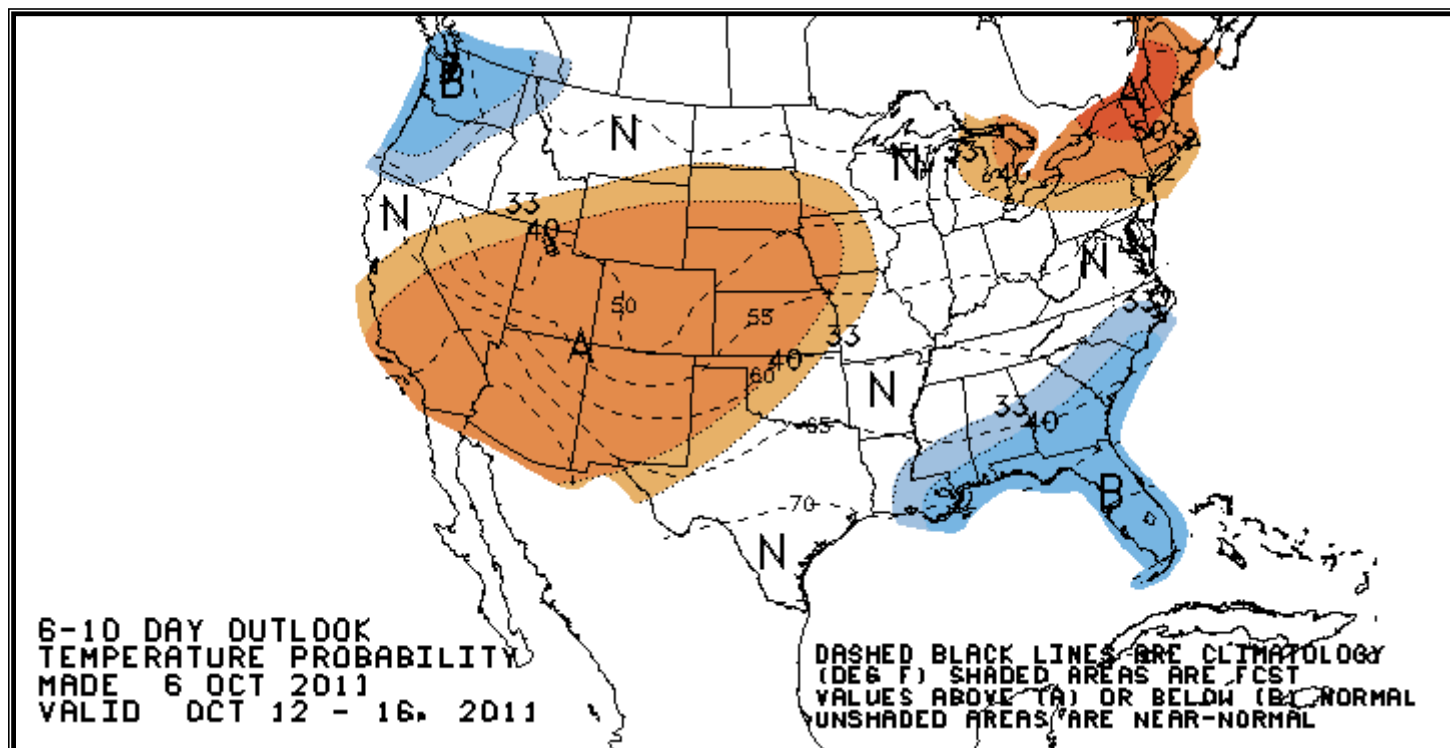
Jun

-29

-5.8

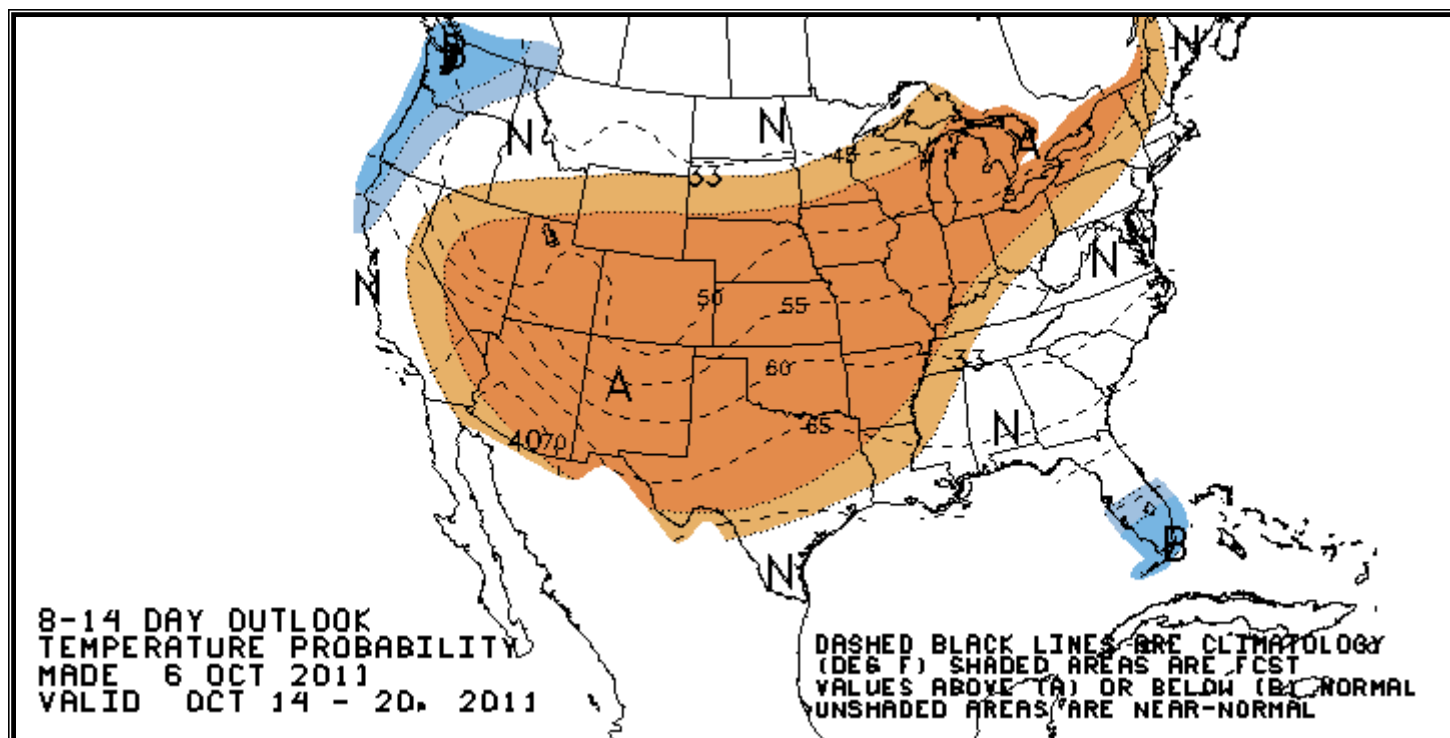
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

