

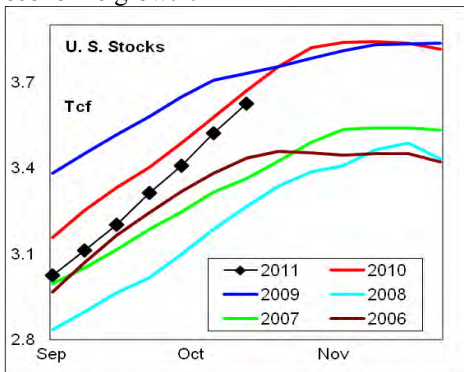
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

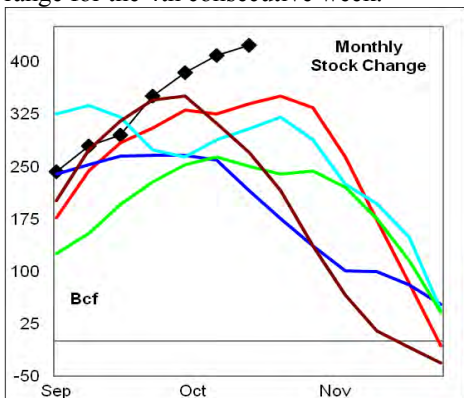
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, October 21, 2011



**Summary**<sup>1</sup> The stock build of +103 Bcf for the week was above the 5-year range for the 4th consecutive week; driven by unusually mild temperatures and weak economic growth.



The latest 4-wk stock build was a record for this time of year; above the historic range for the 4th consecutive week.



In the East Region stocks increased +58 Bcf for the period, the 5th consecutive week that the build was above the historic range. Stocks increased +9 Bcf in the West Region, a level that exceeded the 5-year range. The stock build of +36 Bcf in the Producing Region matched the historic high.

Cooling degree days were -16% below normal in the East Region, +45% above normal in the West Region and +12% above normal in the Producing Region for the week ending 15Oct11.

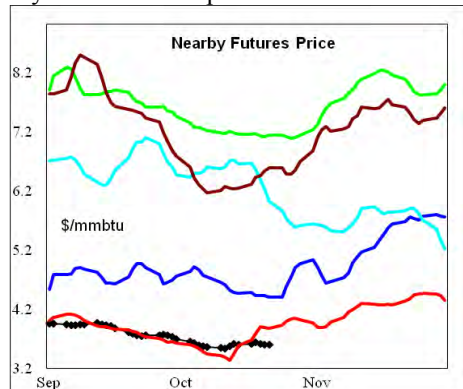
**Cooling degree days** were +7% above normal for the week ended 15Oct11, and

+10% above normal for the week ending 22Oct11.

The 6-10 day NWS forecast for the week ending 30Oct11 is for above normal cooling degree days in the western 1/3rd of the country and well below normal in the eastern 2/3rds of the country.

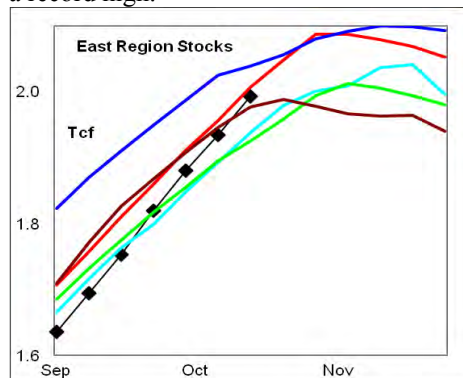
The 8-14 day NWS forecast for the week ending 03Nov11 is for above normal cooling degree days from the western 1/2 of the country and below normal cooling degree days in the eastern 1/3rd of the country.

**Prices:** Nearby gas futures prices decreased -\$0.11/mmbtu for the week ending 21Oct11. Price levels ended the week at a 5-year low for the period.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended higher for the week ending 21Oct11. The spread ended the week at a level near the 5-year low; a relatively steep carry for this time of year.

**East Region** stocks increased +58 Bcf last week, the 5th consecutive record weekly build. The latest 4-wk stock build was also a record high.

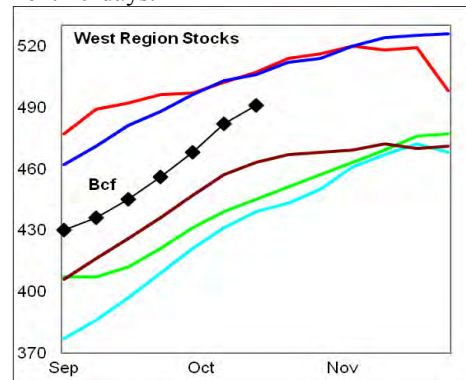


Cooling degree days in the region were -16% below normal for the week ending 15Oct11, and -21% below normal for the week ending 22Oct11. Much below normal cooling degree days are forecast for the next 10-days.

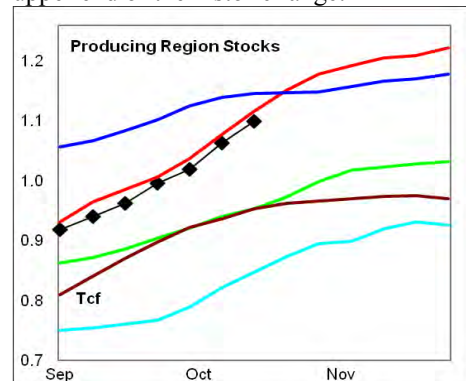
**West Region** stocks increased +9 Bcf on the week, a level that was a 5-year high for

the week. Stock levels ended the week -3% below the 5-year high. The latest 4-wk stock build was a record high for the season.

Cooling degree days were +45% above normal for the week ending 15Oct11, +95% above normal for the week ending 22Oct11. Well above normal cooling degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a build of +36 Bcf on the week, a level near last years' record high. The monthly stock build was also a record high for this time of year. Stock levels ended the week at the upper end of the historic range.



Cooling degree days were +12% above normal for the week ending 15Oct11, and +12% above normal for the week ending 22Oct11. Well below 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:** Stock builds continue at a record high on mild temperatures, weak economic growth and high production rates. Stock levels are likely to make a new record high by early November. Much colder temperatures in the eastern 1/2 of the country next week should limit further downward pressure on prices.

### <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 21, 2011

For the week ending: 14-Oct-11

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

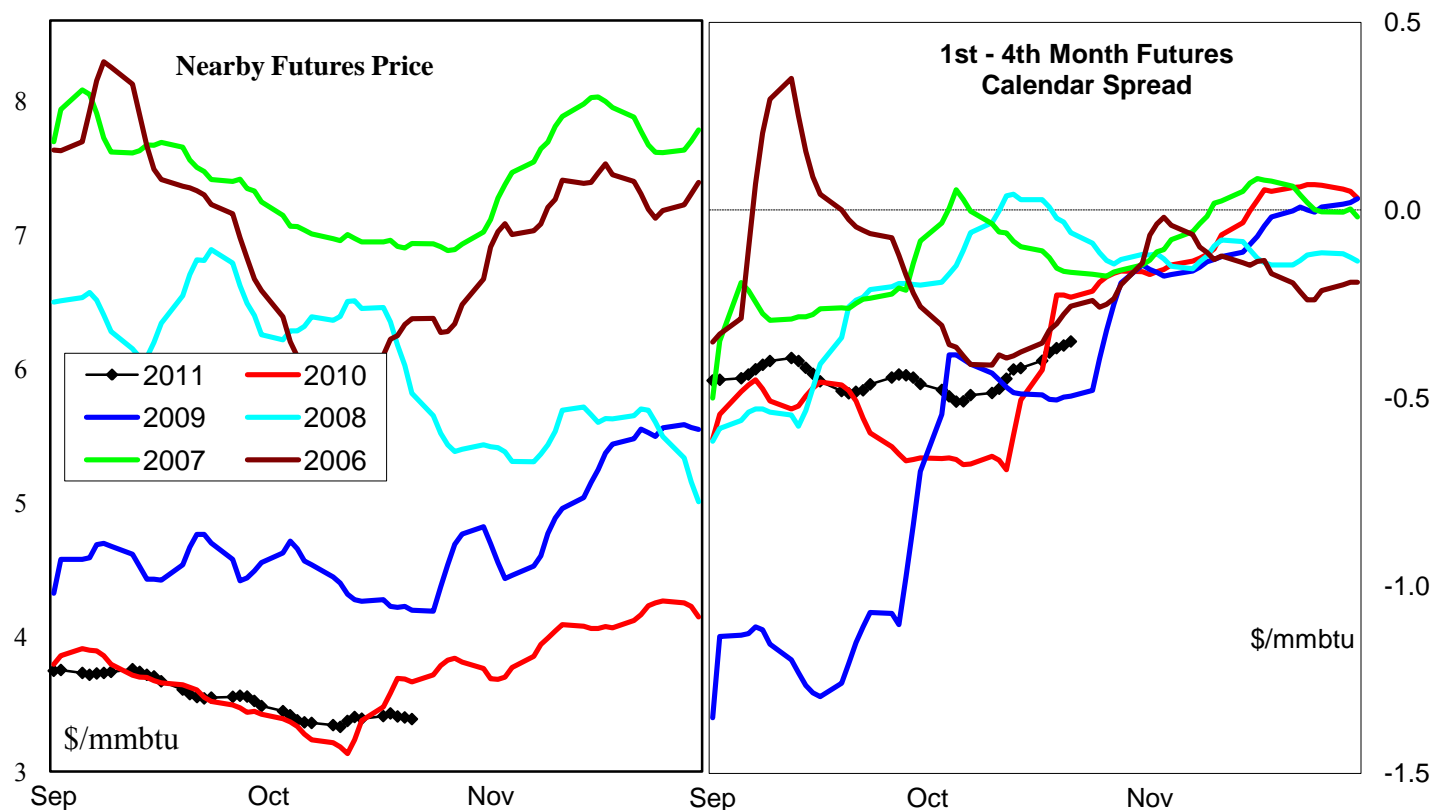
Week ending:	14-Oct-11			8-Oct-11		15-Oct-11		22-Oct-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,624	103	-1.3	-26	-34%	3	7%	-5	10%
East	1,993	58	-0.7	-20	-47%	2	-16%	-3	-21%
West	491	9	-3.2	-40	-52%	11	45%	-5	95%
Producing	1,140	36	-1.4	-29	-1%	-6	12%	-10	12%

### Seasonal Trends in Stocks and Cooling Degree Days

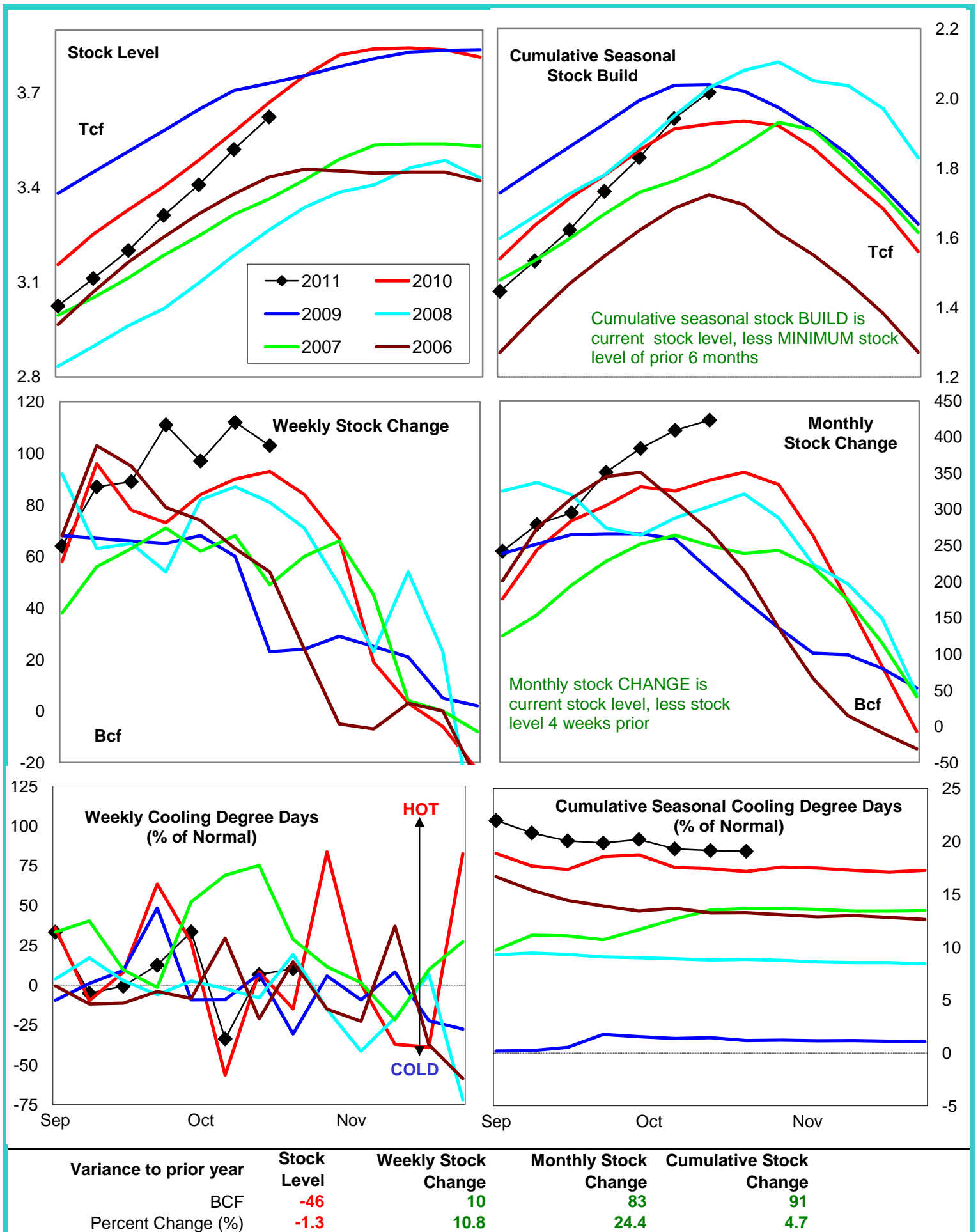
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
<b>U.S. Total</b>	<b>2,017</b>	<b>91</b>	<b>4.5</b>	<b>234</b>	<b>19%</b>	<b>235</b>	<b>19%</b>	<b>236</b>	<b>19%</b>
<b>East</b>	<b>1,370</b>	<b>152</b>	<b>11.1</b>	<b>582</b>	<b>22%</b>	<b>586</b>	<b>22%</b>	<b>589</b>	<b>22%</b>
<b>West</b>	<b>270</b>	<b>58</b>	<b>21.5</b>	<b>-8</b>	<b>-1%</b>	<b>-2</b>	<b>0%</b>	<b>5</b>	<b>1%</b>
<b>Producing</b>	<b>377</b>	<b>-119</b>	<b>-31.6</b>	<b>582</b>	<b>27%</b>	<b>586</b>	<b>27%</b>	<b>589</b>	<b>27%</b>

### Futures Market Price Trends

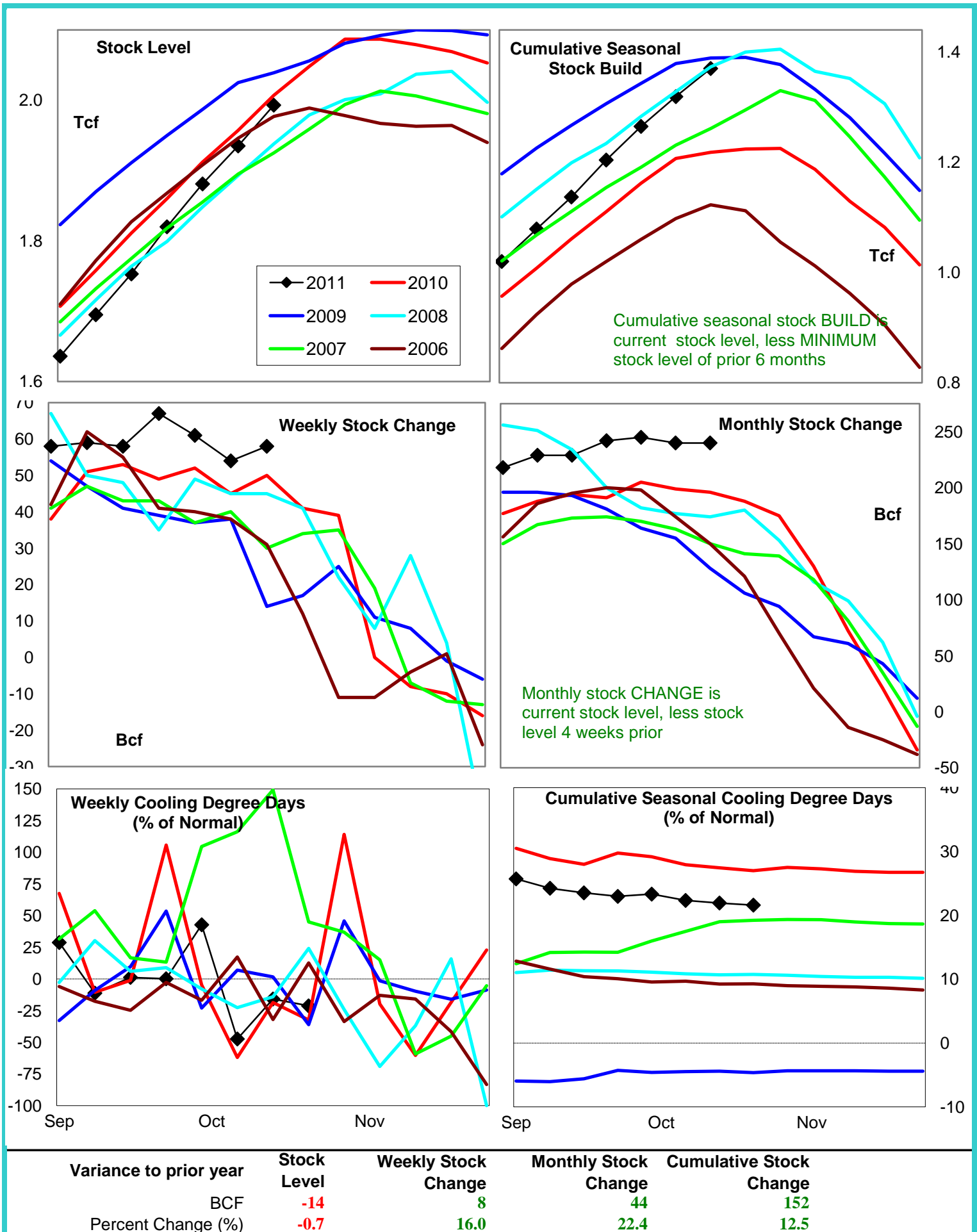
Date:	21-Oct-11	Change vs prior week, month, year		
		17-Oct-11	26-Sep-11	13-Oct-10
<b>1st month Futures</b>	<b>3.59</b>	<b>-0.10</b>	<b>-0.19</b>	<b>-0.27</b>
<b>% change</b>	xxxxx	<b>-2.7</b>	<b>-5.0</b>	<b>-7.0</b>



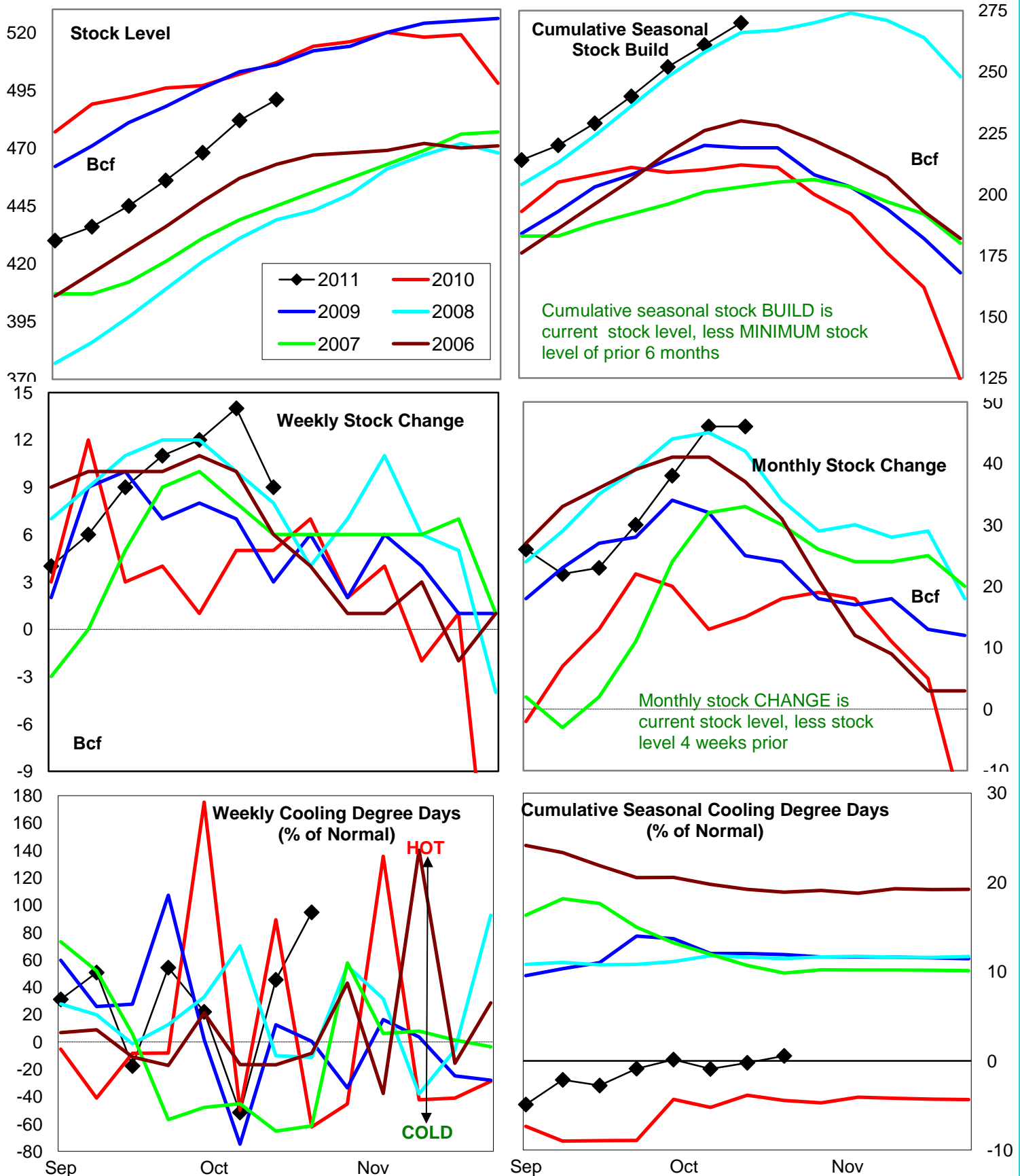
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends

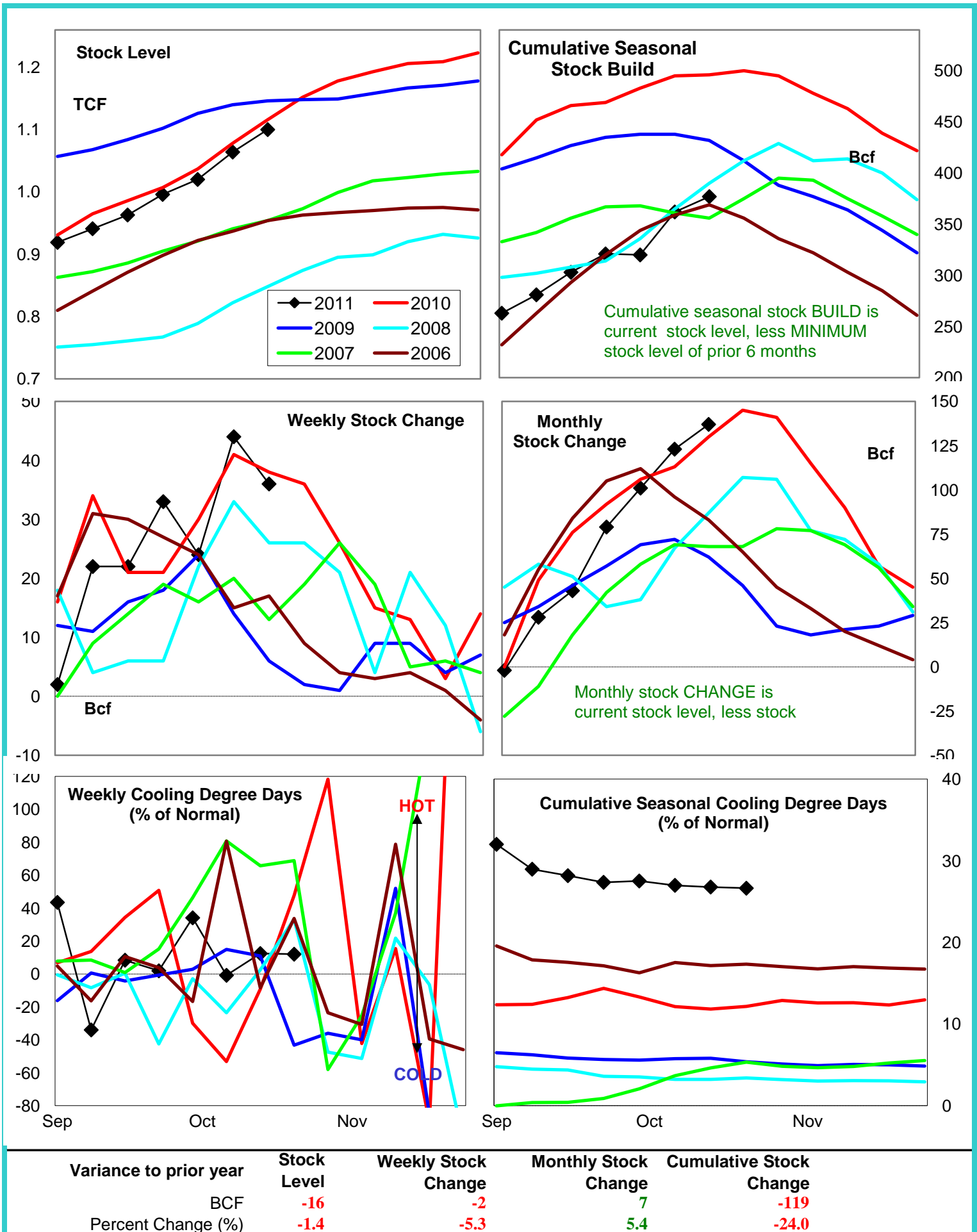


Variance to prior year

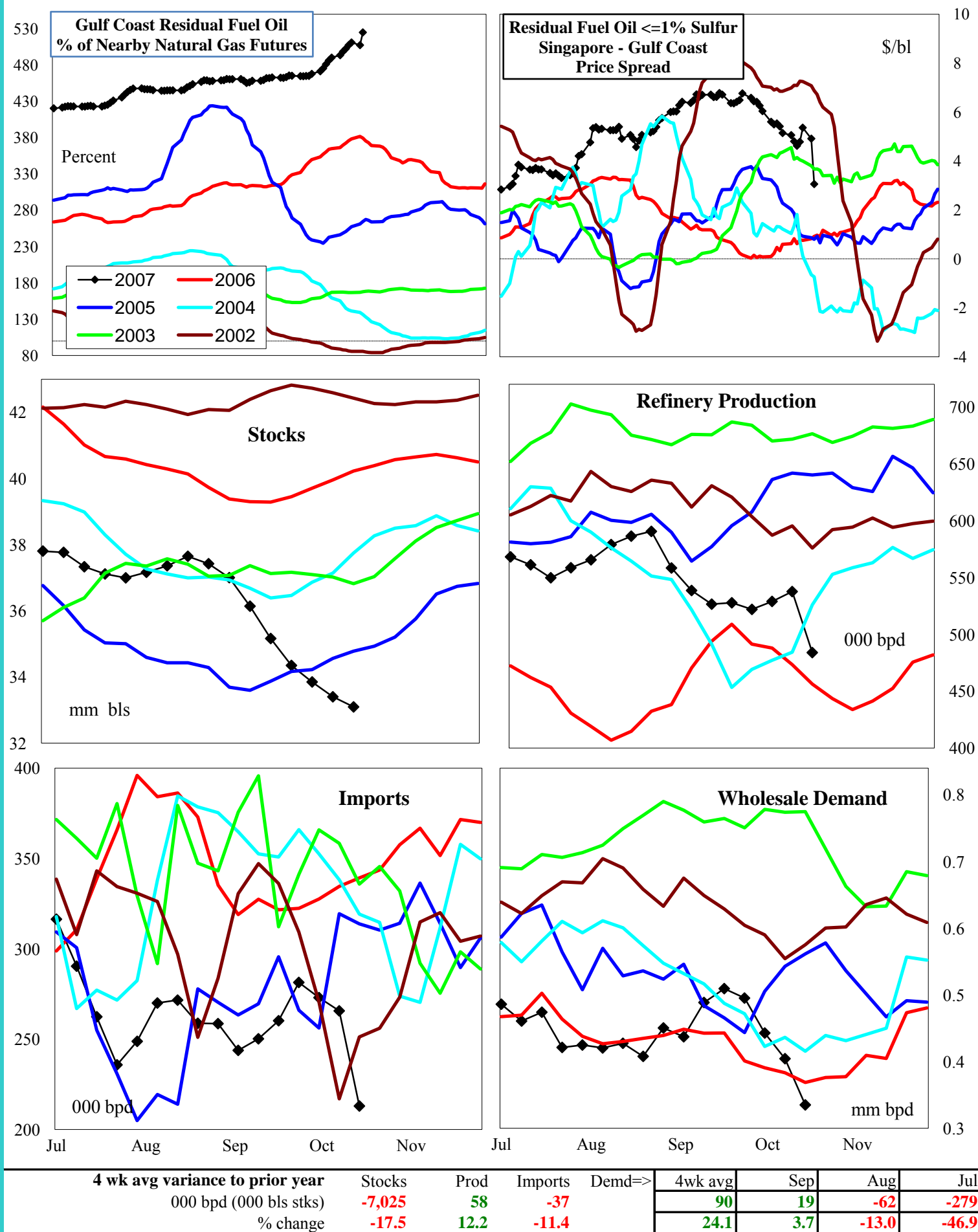
Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)-16  
-3.24  
80.031  
206.758  
27.4

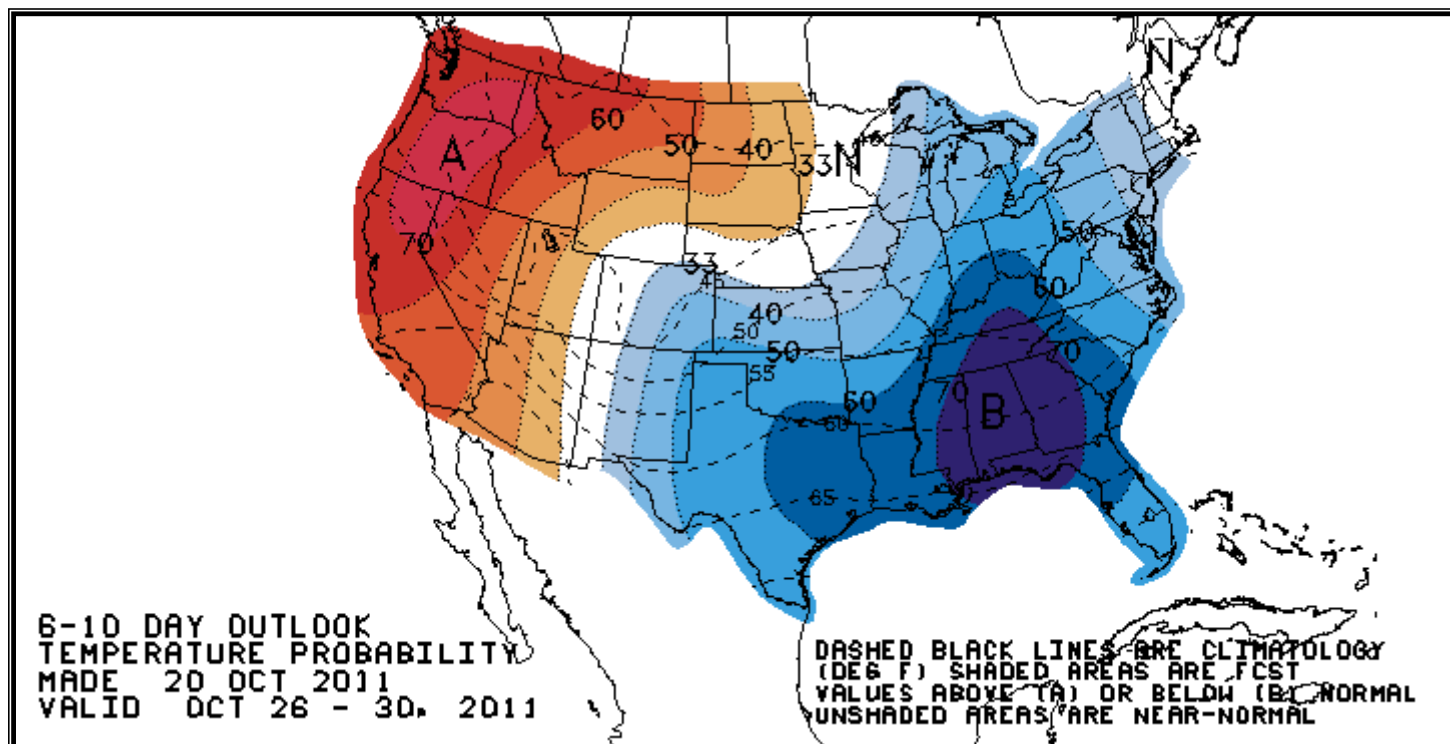
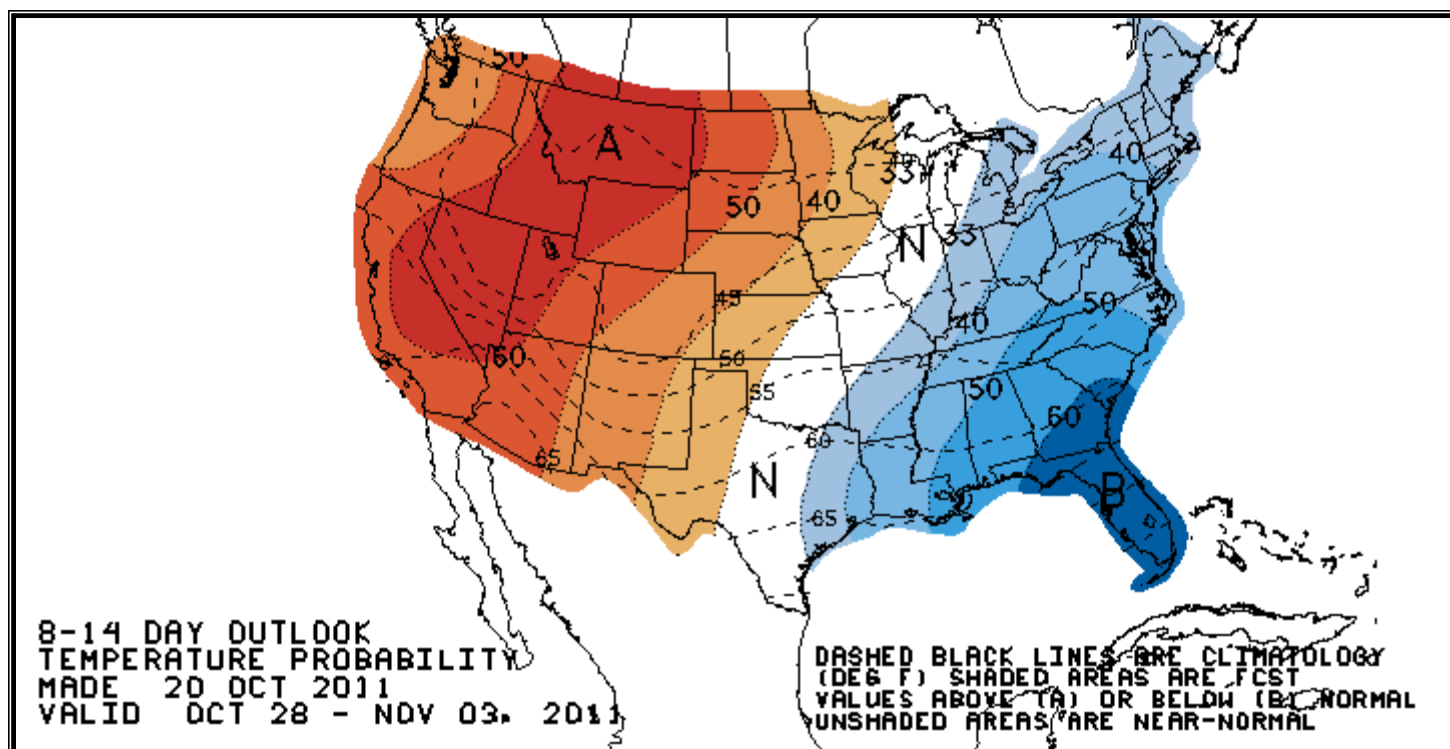


# Natural Gas Producing Region Stock and Weather Trends



## 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

