

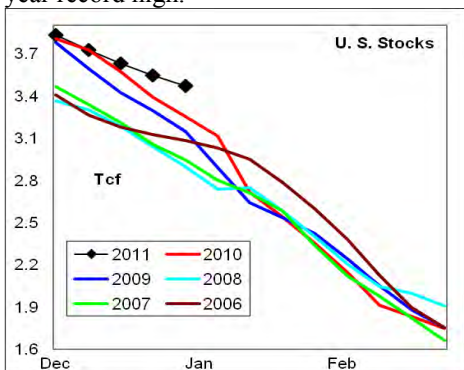
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

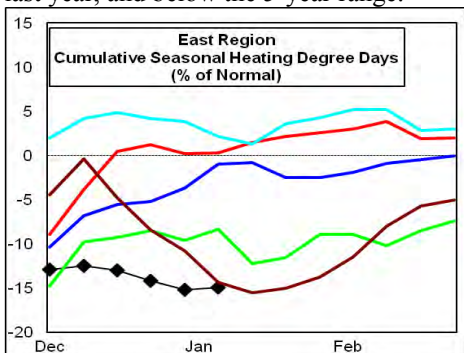
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Sunday, January 08, 2012



**Summary**<sup>1</sup> The stock draw of -76 Bcf for the week was near the lowest draw of the last 5-years for the week. Stock levels ended the week +6.8% above the prior 5-year record high.



Cumulative heating degree days for the key East Region market were -15% below last year, and below the 5-year range.



In the East Region stocks decreased -62 Bcf for the week, a draw less than four of the last 5-years for the week. Stocks declined -4 Bcf in the West Region, the smallest draw of the last 5-years for the period. The stock draw of -10 Bcf in the Producing Region was near the lowest draw of the last 5-years.

Heating degree days were -23% below normal in the East Region, -25% below normal in the West Region and -18% below normal in the Producing Region for the week ending 31Dec11.

**Heating degree days** were -22% below normal for the week ended 31Dec11, and estimated to be -16% below normal for the week ending 07Jan12.

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

[Data Source is EIA Weekly Statistics](#)

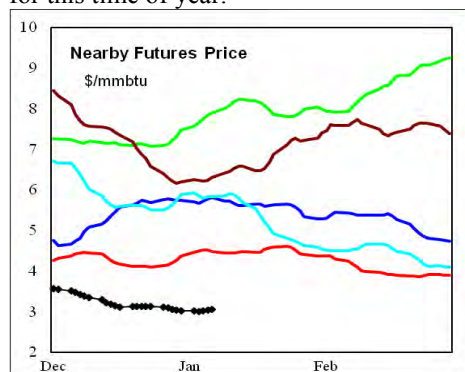
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 17Jan12 is for significantly above normal heating degree days across the entire country, except the southwest which will be slightly warmer than normal.

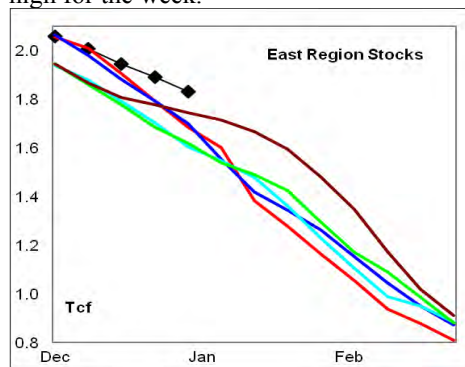
The 8-14 day NWS forecast for the week ending 21Jan12 is for slightly colder than normal temperatures across northern tier states with the rest of the country near normal, except along the Mexican border which will be warmer than normal.

**Prices:** Nearby gas futures prices increased +\$0.07/mmbtu for the week ending 06Jan12. The current price is - \$1.35/mmbtu below the prior 5-year low for this time of year.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve trended lower for the week ending 07Jan12 at a level well below the last 2-years.

**East Region** stocks decreased -62 Bcf for the week, a draw less than four of the last 5-years for the week. The current stock level was +8.5% above the previous record high for the week.

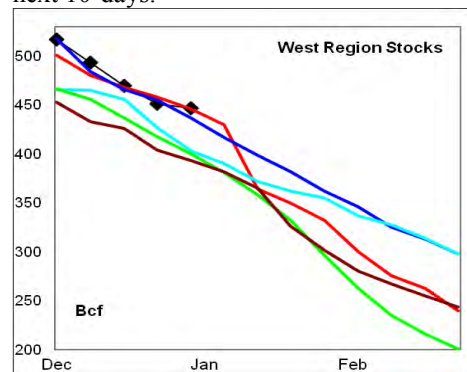


Heating degree days in the region were -23% below normal for the week ending 31Dec11, and estimated to be -13% below normal for the week ending 07Jan12. Below normal heating degree days are forecast for the next 10-days.

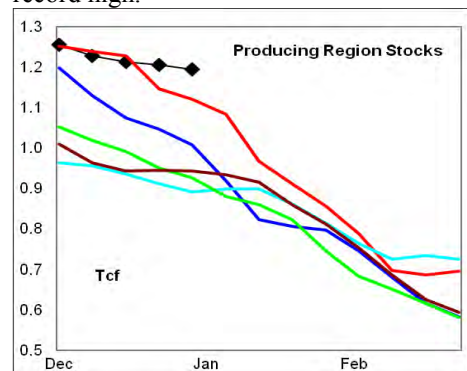
**West Region** stocks decreased -4 Bcf on the week, the smallest draw of the last 5-years for the period. Stock levels ended the week +0.2% above the prior record high. The latest 4-wk stock draw was

greater than the average draw for the period.

Heating degree days were -25% below normal for the week ending 31Dec11, and estimated to be -24% below normal for the week ending 07Jan12. Near normal heating degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a draw of -10 Bcf on the week, near the smallest draw of the last 5-years. The monthly stock draw matched the smallest draw of the last 5-years. Stock levels ended the week +6.7% above last years' record high.



Heating degree days were -18% below normal for the week ending 31Dec11, and estimated to be -24% below normal for the week ending 07Jan12. Near normal heating 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:** Temperatures are forecast to turn modestly colder than normal for the next 10-days in key heating markets. However, stock levels are likely to reach +9% above the previous record high for the 1st week of January. Even with a return to normal heating degree days the markets will remain well supplied, leading to record stock carry out at the end of the heating season. Look for prices to bounce off record lows, but remain very weak.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: January 8, 2012

For the week ending: 30-Dec-11

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

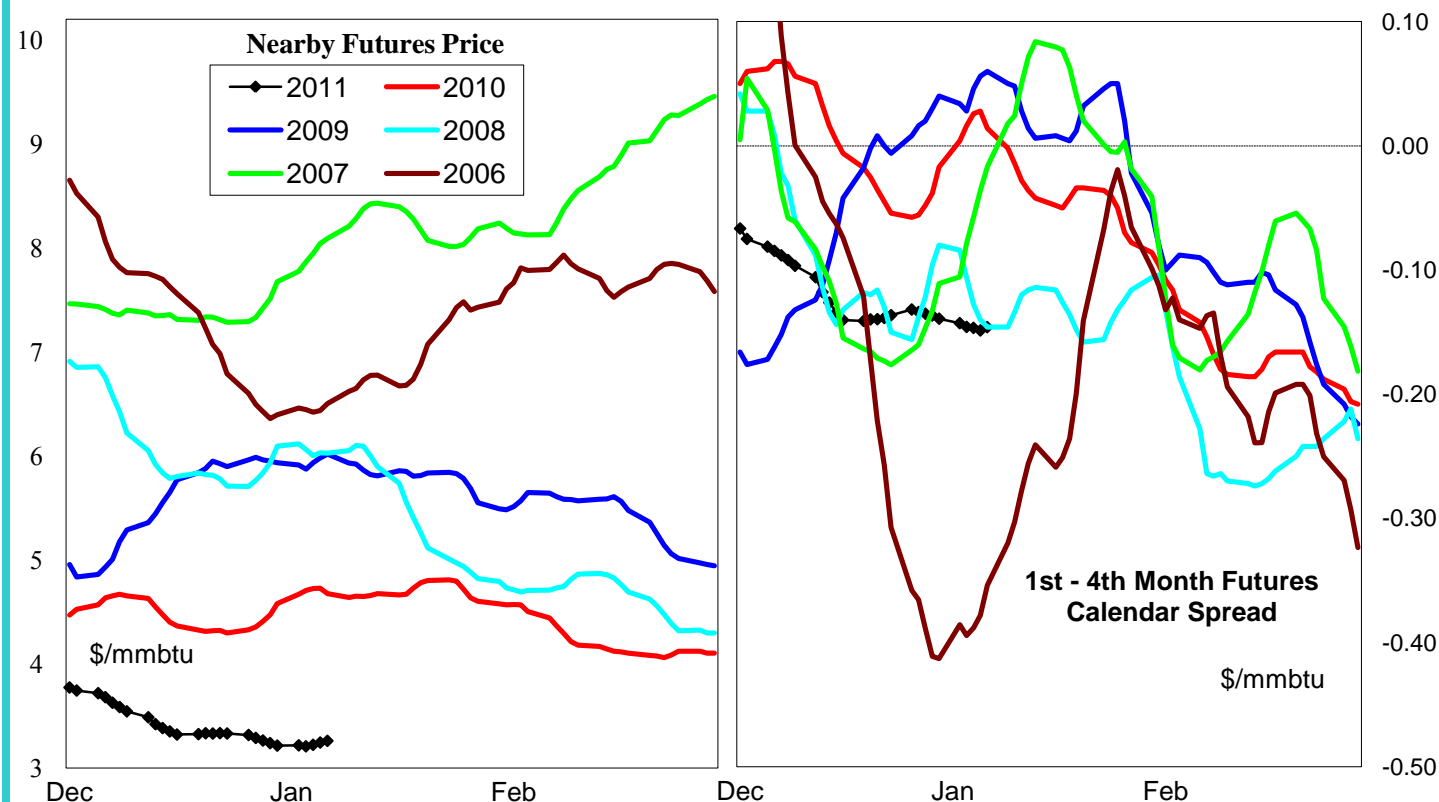
Week ending:	30-Dec-11			24-Dec-11		31-Dec-11		7-Jan-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,472	-76	6.8	3	-19%	0	-22%	20	-16%
East	1,830	-62	8.5	-3	-23%	8	-23%	30	-13%
West	447	-4	0.2	2	-5%	-39	-25%	4	-24%
Producing	1,195	-10	6.7	23	-10%	-6	-18%	-6	-24%

### Seasonal Trends in Stocks and Heating Degree Days

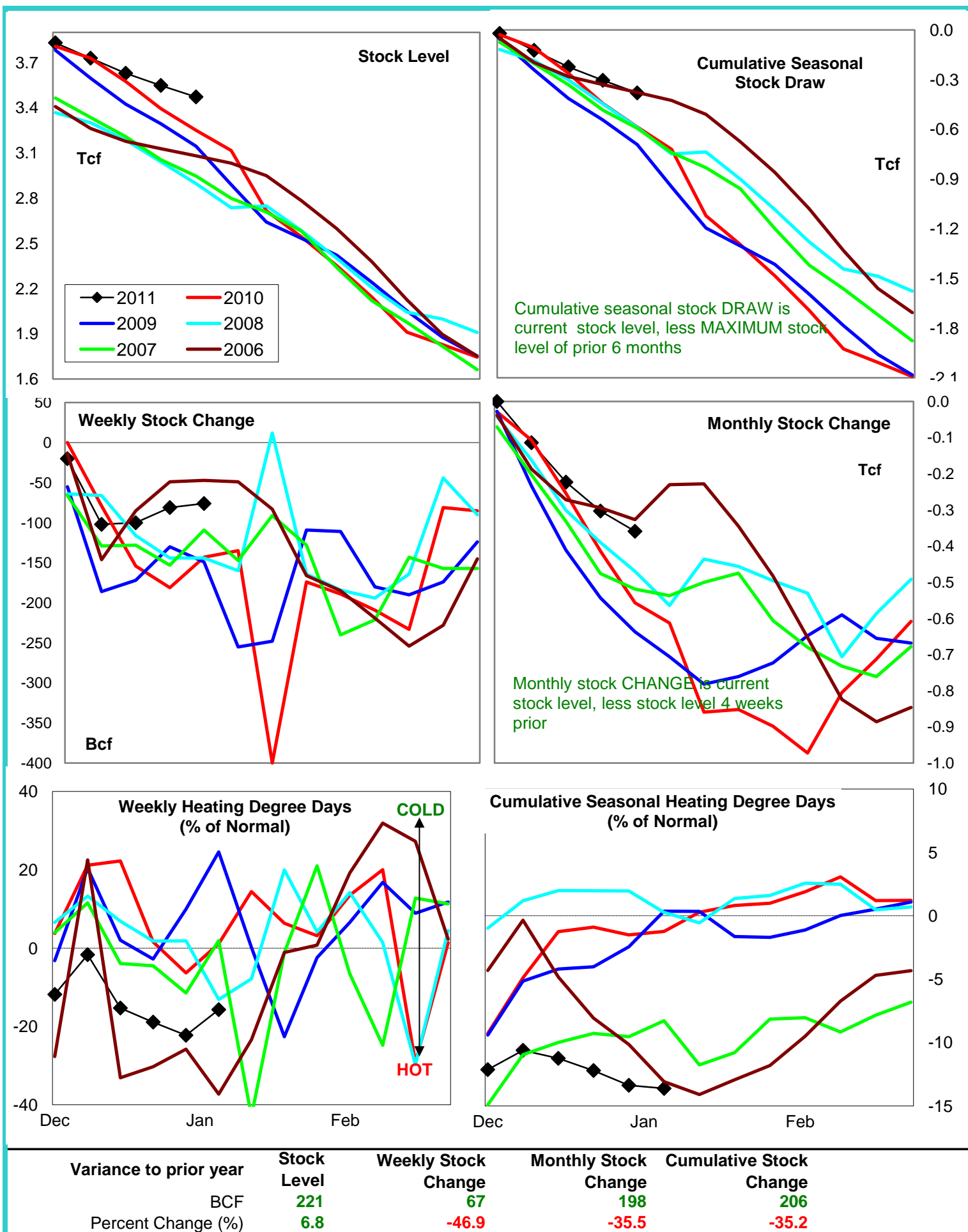
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-380</b>	<b>206</b>	<b>-54.2</b>	<b>178</b>	<b>-12.2</b>	<b>178</b>	<b>-13.4</b>	<b>198</b>	<b>-13.6</b>
<b>East</b>	<b>-261</b>	<b>140</b>	<b>-53.6</b>	<b>186</b>	<b>-14.2</b>	<b>194</b>	<b>-15.2</b>	<b>224</b>	<b>-14.9</b>
<b>West</b>	<b>-70</b>	<b>3</b>	<b>-4.3</b>	<b>200</b>	<b>-7.6</b>	<b>161</b>	<b>-9.4</b>	<b>165</b>	<b>-10.7</b>
<b>Producing</b>	<b>-66</b>	<b>66</b>	<b>-100.0</b>	<b>136</b>	<b>-4.3</b>	<b>131</b>	<b>-6.1</b>	<b>125</b>	<b>-8.2</b>

### Futures Market Price Trends

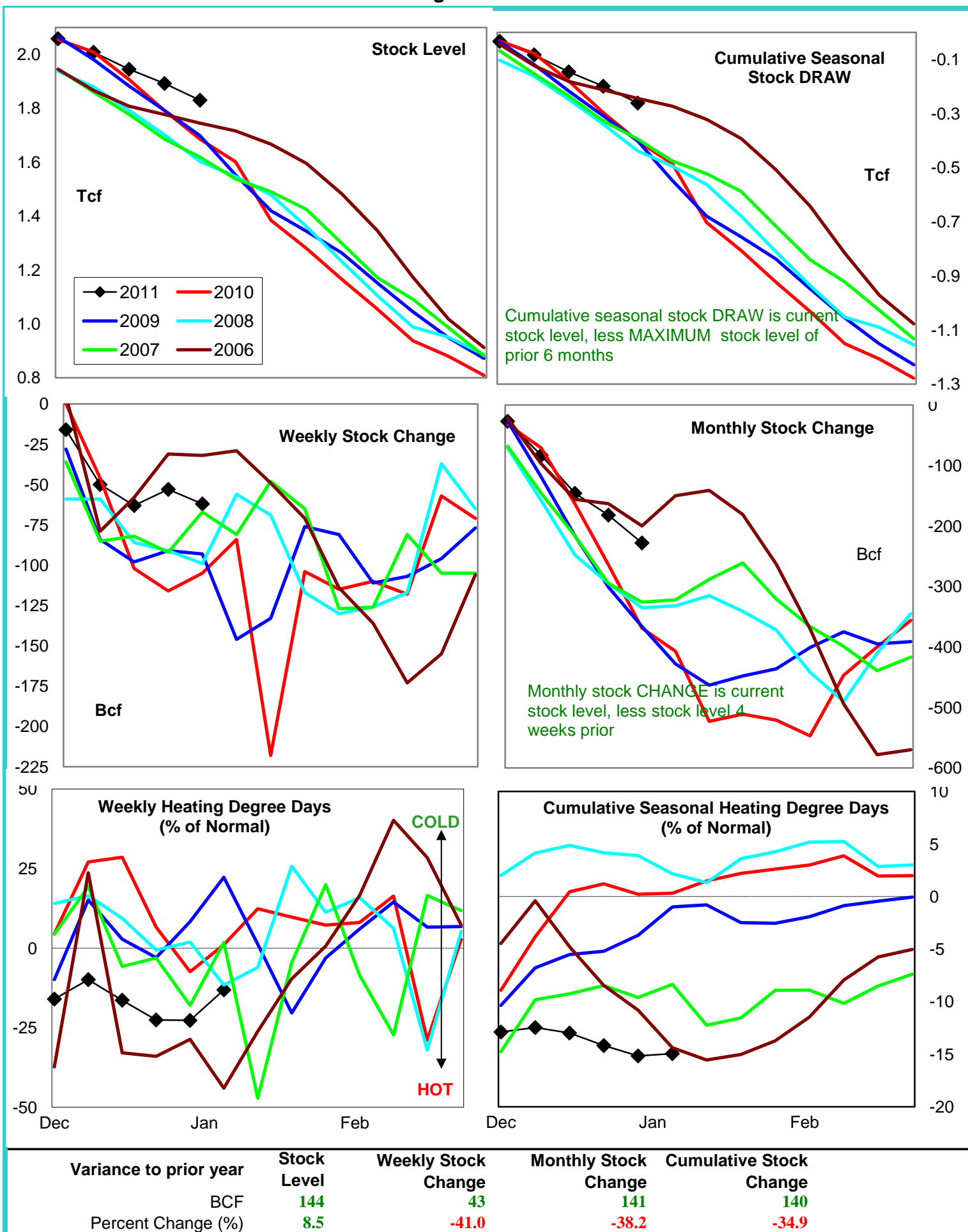
Date:	6-Jan-12	Change vs prior week, month, year		
		30-Dec-11	8-Dec-11	5-Jan-11
<b>1st month Futures</b>	<b>3.06</b>	<b>0.07</b>	<b>-0.19</b>	<b>-1.64</b>
<b>% change</b>	xxxxx	<b>2.4</b>	<b>-5.9</b>	<b>-34.9</b>



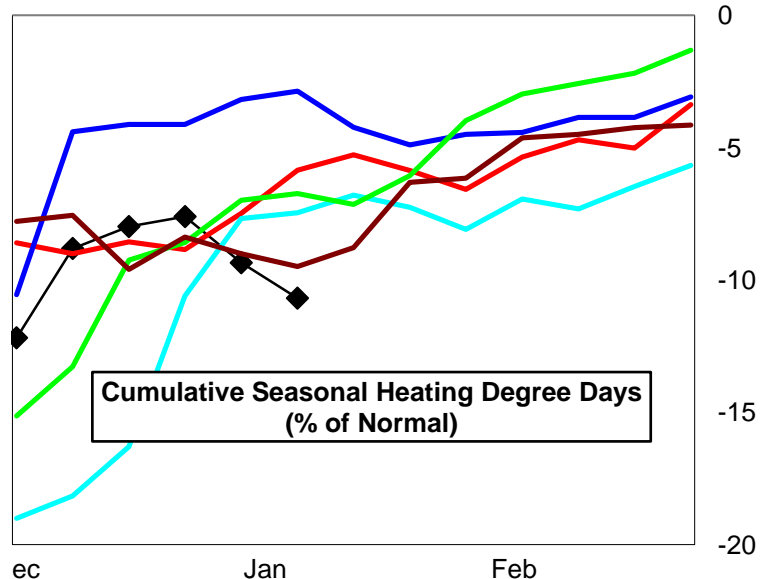
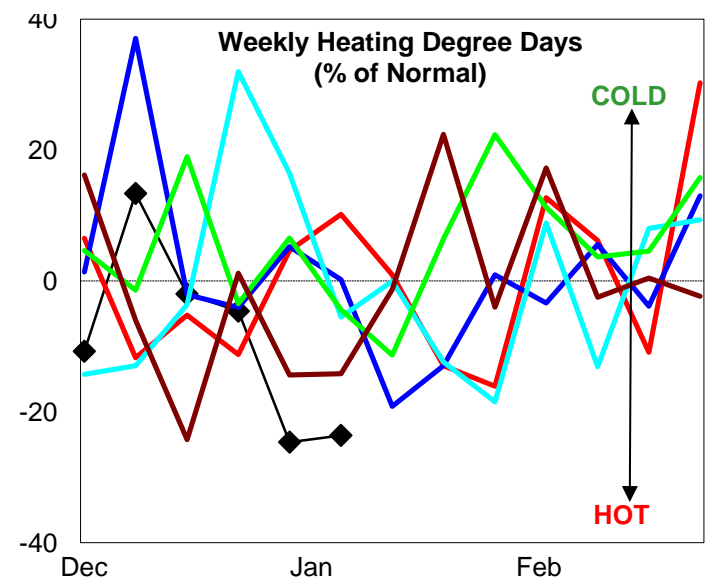
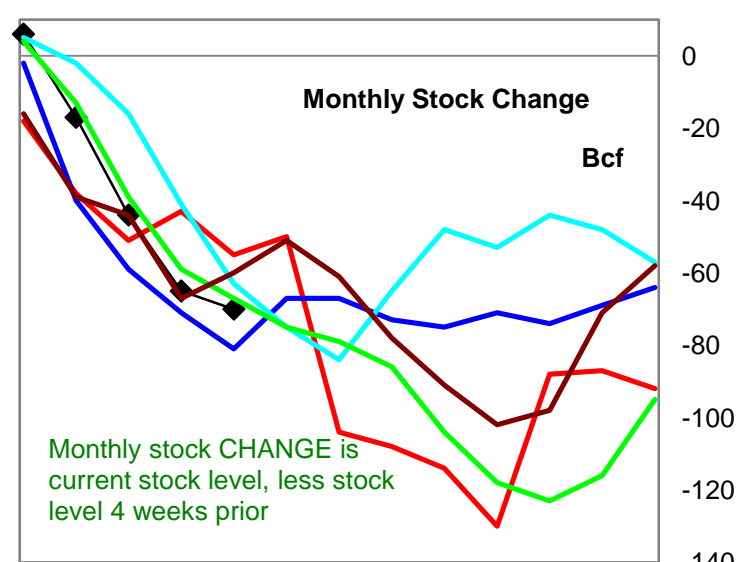
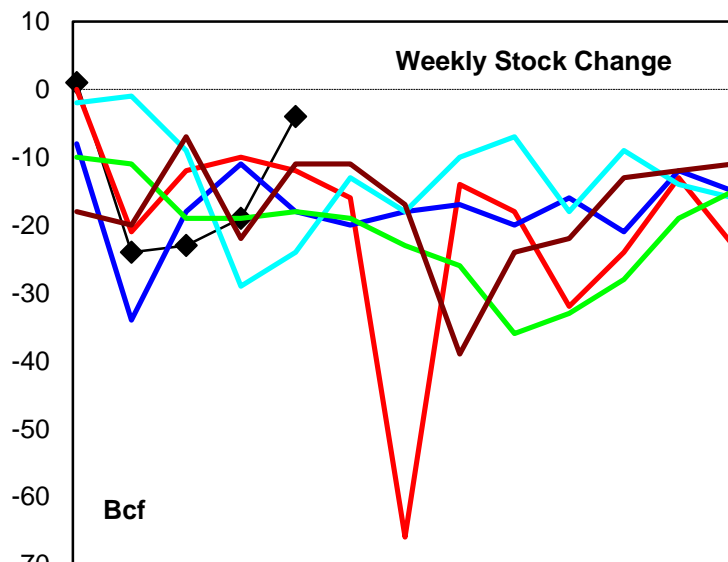
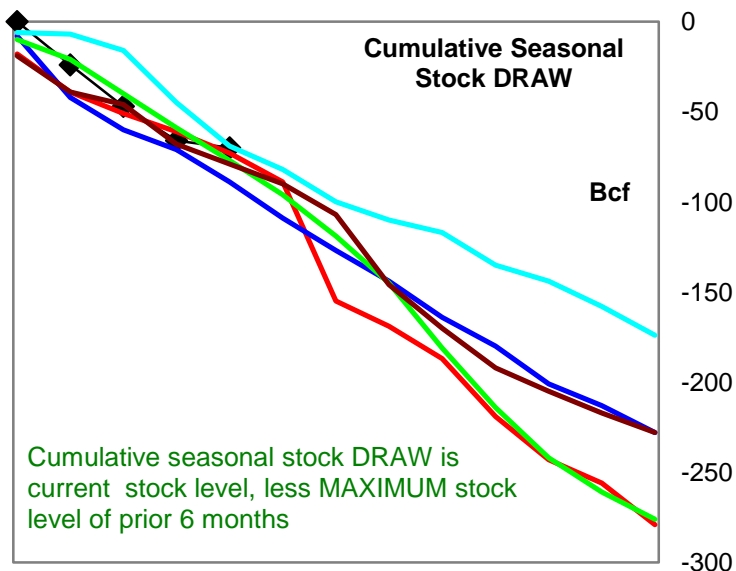
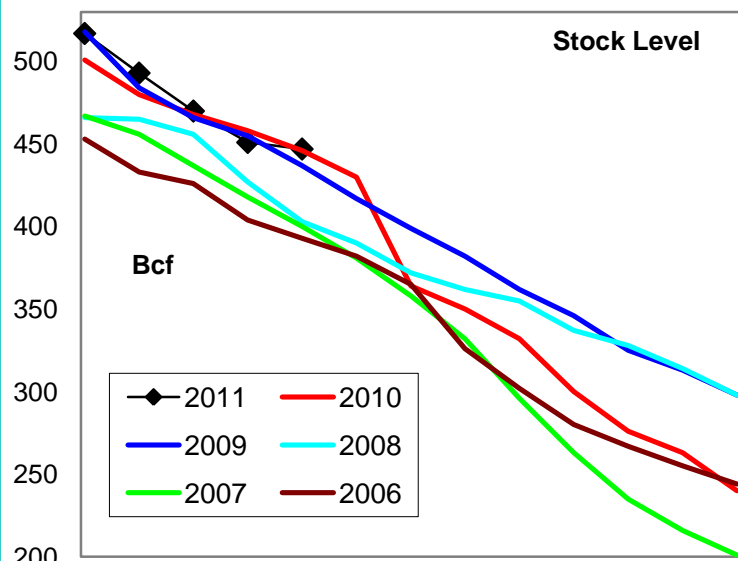
# United States Natural Gas Stock and Weather Trends



# 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

1

8

-15

3

Percent Change (%)

0.2

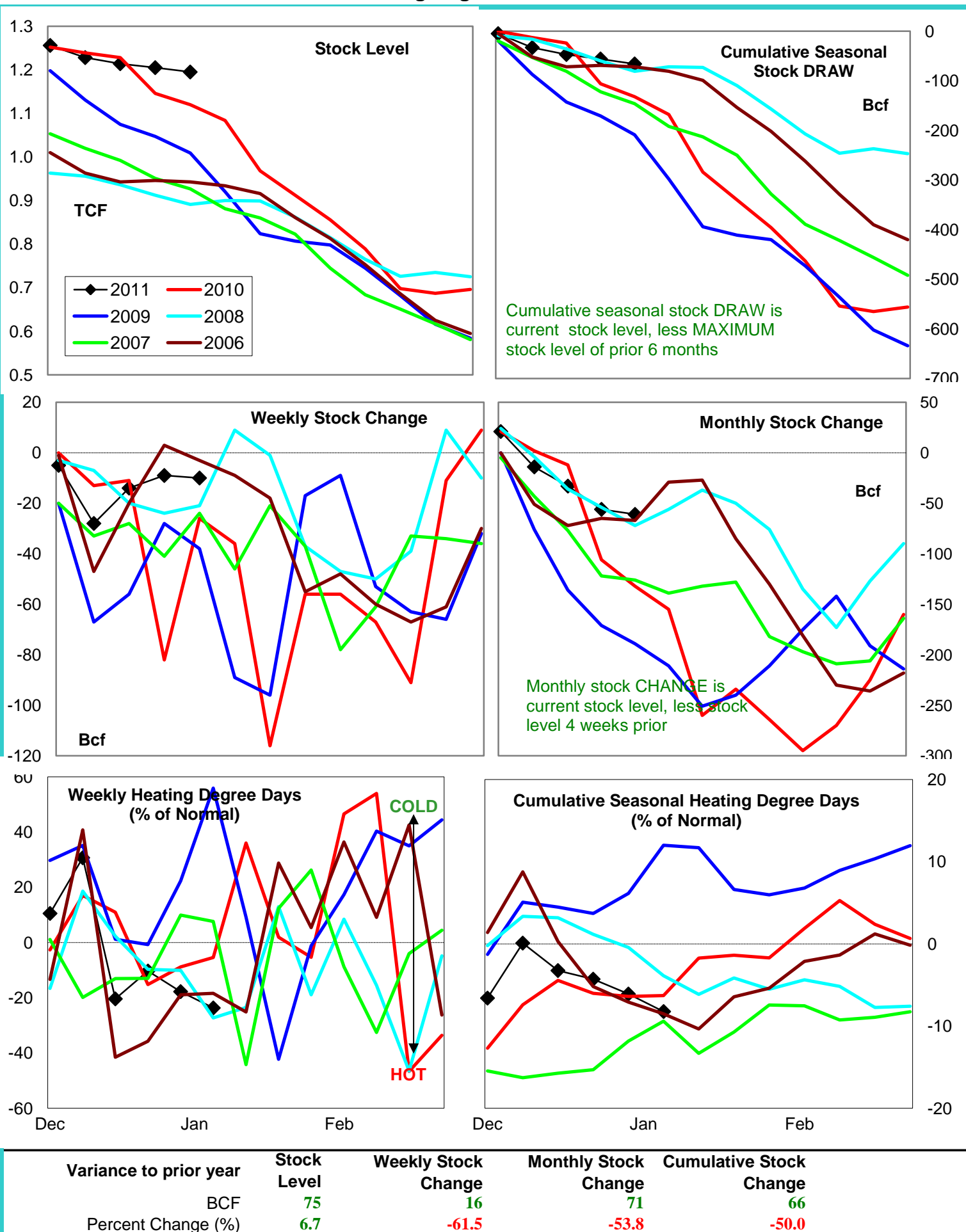
-66.7

27.3

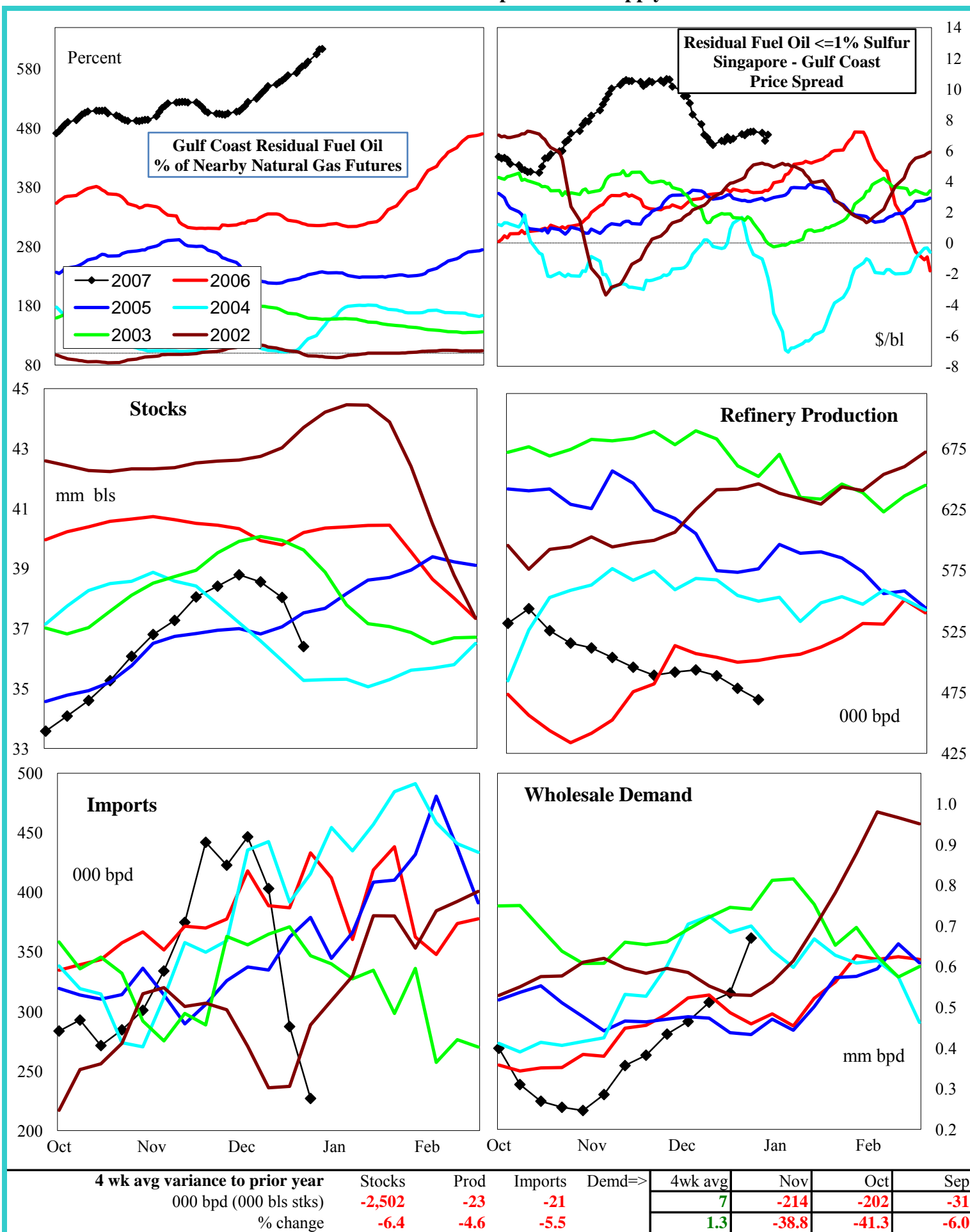
-4.1



# Natural Gas Producing Region Stock and Weather Trends

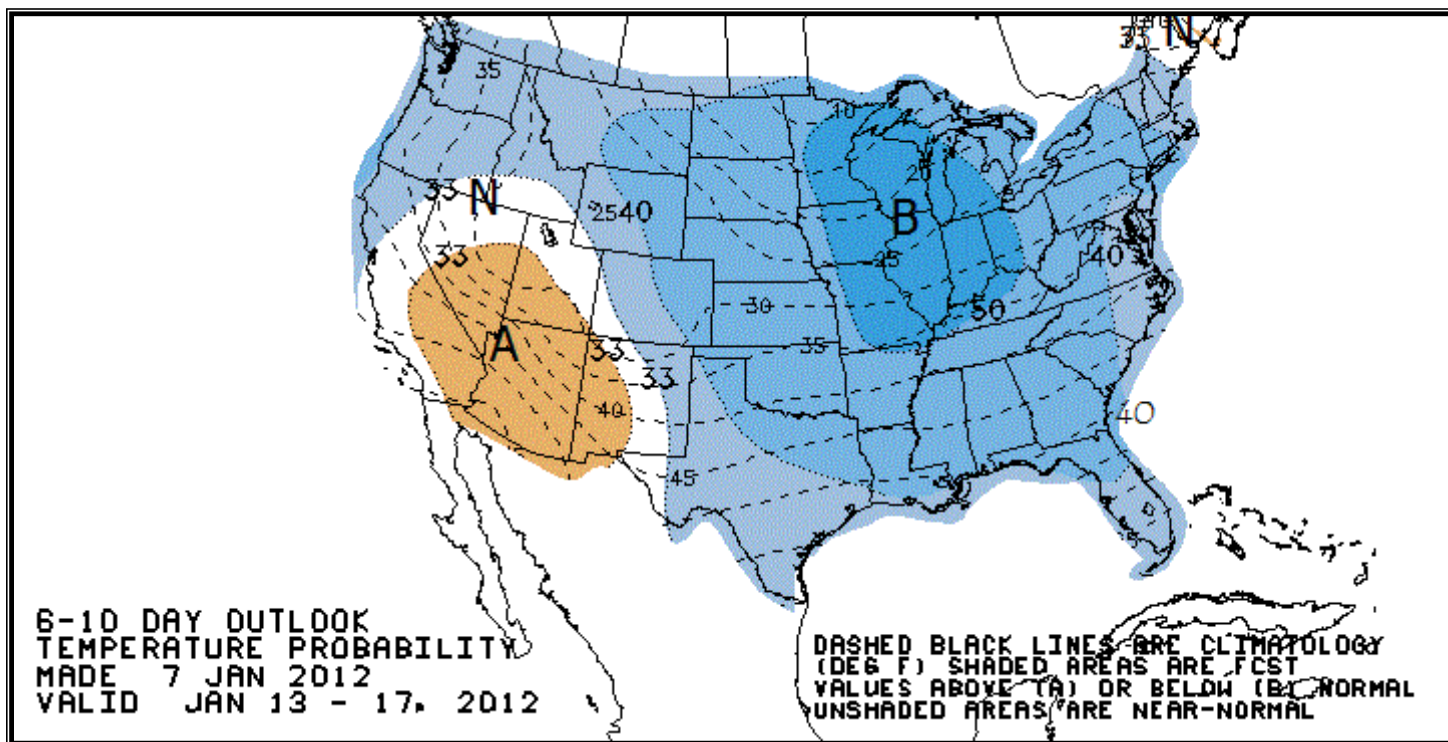


# U.S. Residual Fuel Oil Price Spreads and Supply Balance



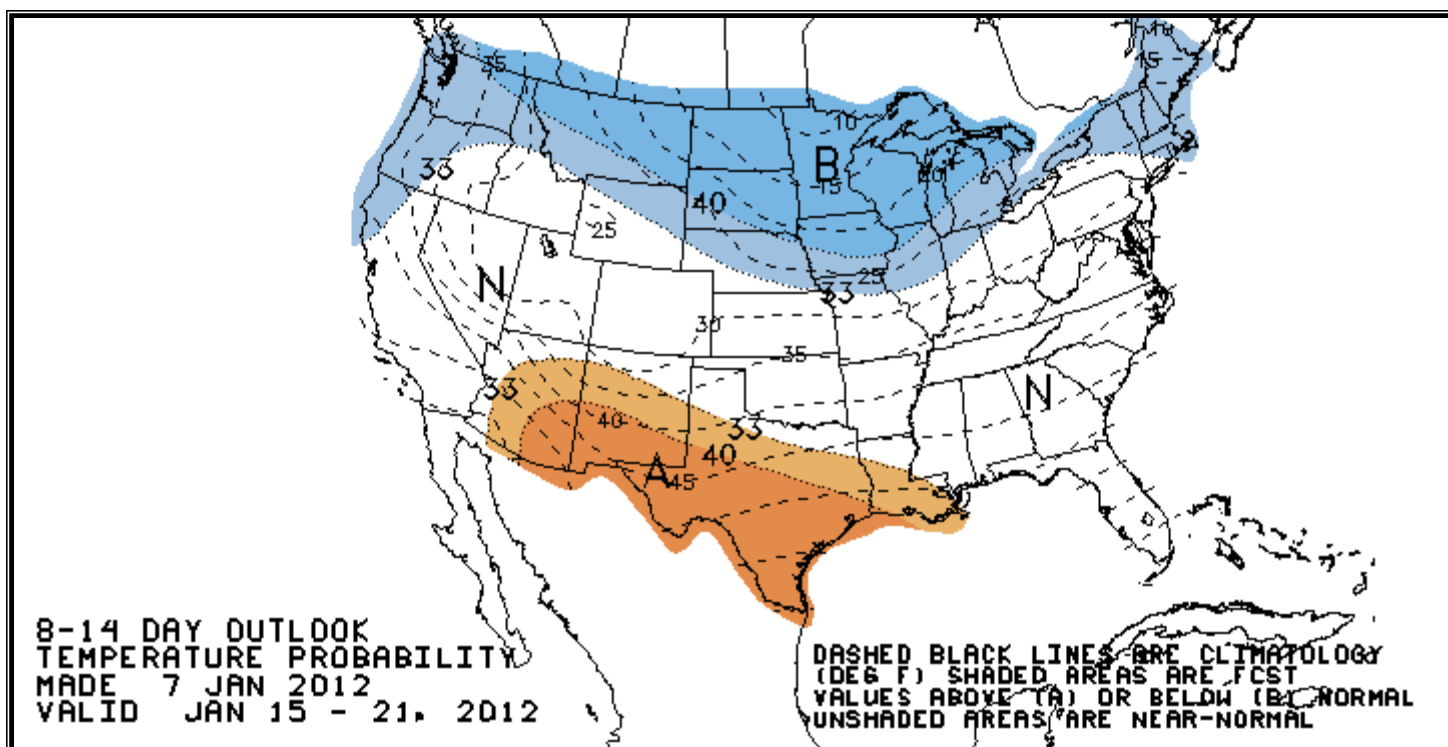
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

