



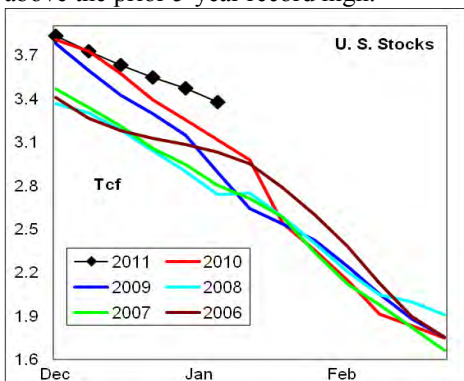
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

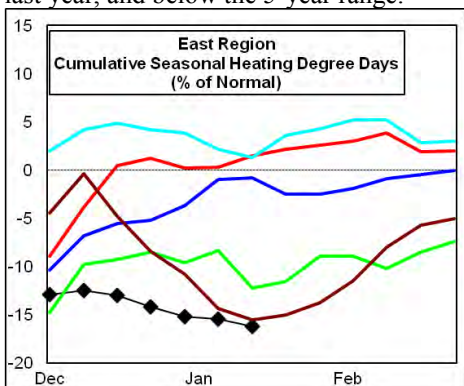
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, January 12, 2012



**Summary**<sup>1</sup> The stock draw of -95 Bcf for the week was less than four of the last 5-years. Stock levels ended the week +8.4% above the prior 5-year record high.



Cumulative heating degree days for the key East Region market were -16% below last year, and below the 5-year range.



In the East Region stocks decreased -76 Bcf for the week, a draw that matched the historic mid range. Stocks declined -3 Bcf in the West Region, the 2nd consecutive weekly smallest draw of the last 5-years. The stock draw of -16 Bcf in the Producing Region was less than the average draw for the last 5-years.

Heating degree days were -18% below normal in the East Region, -30% below normal in the West Region and -25% below normal in the Producing Region for the week ending 07Jan12.

**Heating degree days** were -20% below normal for the week ended 07Jan12, and forecast to be 22% below normal for the week ending 14Jan12.

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

[Data Source is EIA Weekly Statistics](#)

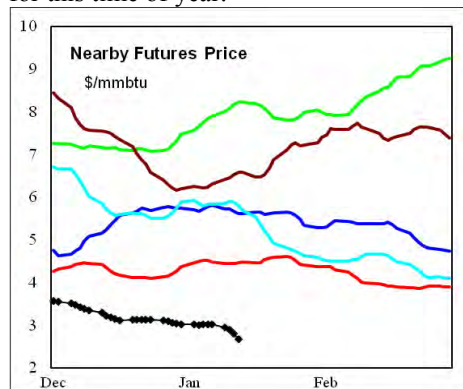
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 21Jan12 is for above normal heating degree days across the northern tier of states from Washing to Illinois, and much below normal HDD's over most of the rest of the country.

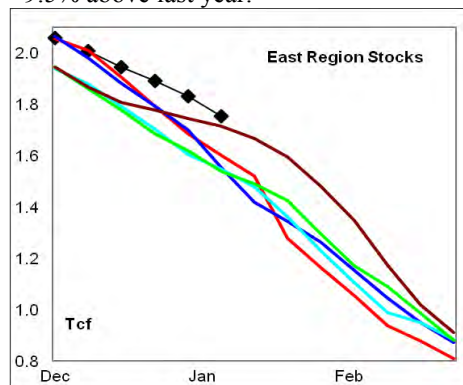
The 8-14 day NWS forecast for the week ending 25Jan12 is for warmer than normal temperatures across the East, South and Rocky Mountain regions, with the Great Lakes and Northern Plains near normal.

**Prices:** Nearby gas futures prices fell +\$0.30/mmbtu for the week ending 12Jan12. The current price is - \$1.85/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 12Jan12 at a level near historic lows.

**East Region** stocks decreased -76 Bcf for the week, a draw that matched the historic mid range. The current stock level was +9.5% above last year.

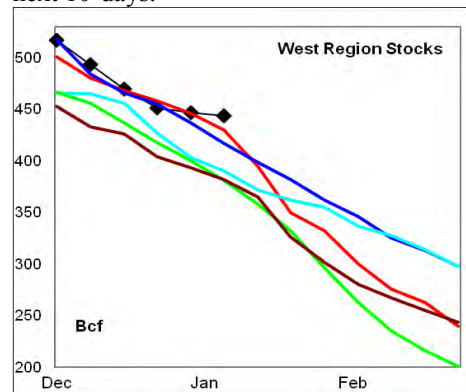


Heating degree days in the region were -18% below normal for the week ending 7Jan12, and forecast to be -23% below normal for the week ending 14Jan12. Much below normal heating degree days are forecast for the next 10-days.

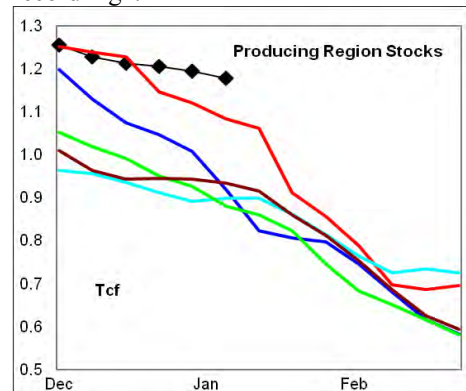
**West Region** stocks decreased -3 Bcf on the week, the 2nd consecutive weekly smallest draw of the last 5-years. Stock levels ended the week +3.3% above the

prior record high. The latest 4-wk stock draw matched the lowest of the last 5-years.

Heating degree days were -30% below normal for the week ending 07Jan12, and forecast to be -15% below normal for the week ending 14Jan12. Near normal heating degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a draw of -16 Bcf on the week, less than the average draw of the last 5-years. The monthly stock draw was near the lowest draw of the last 5-years. Stock levels ended the week +8.8% above last years' record high.



Heating degree days were -25% below normal for the week ending 07Jan12, and forecast to be -17% below normal for the week ending 14Jan12. Well below 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:** Forecast of another warming trend during the next 10-days across much of the country, combined with extremely high stock levels should keep prices under pressure.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: January 12, 2012

For the week ending: 6-Jan-12

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

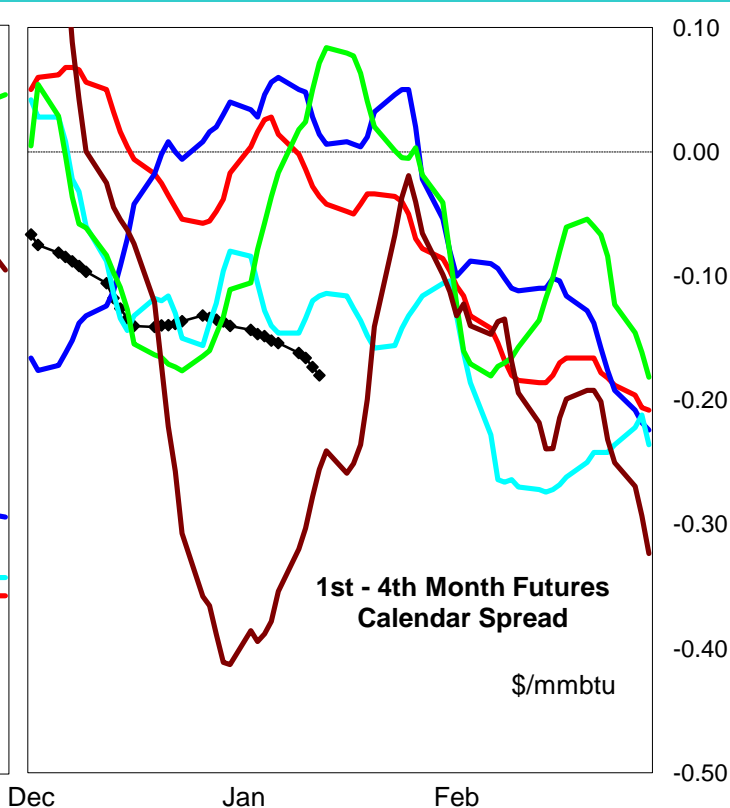
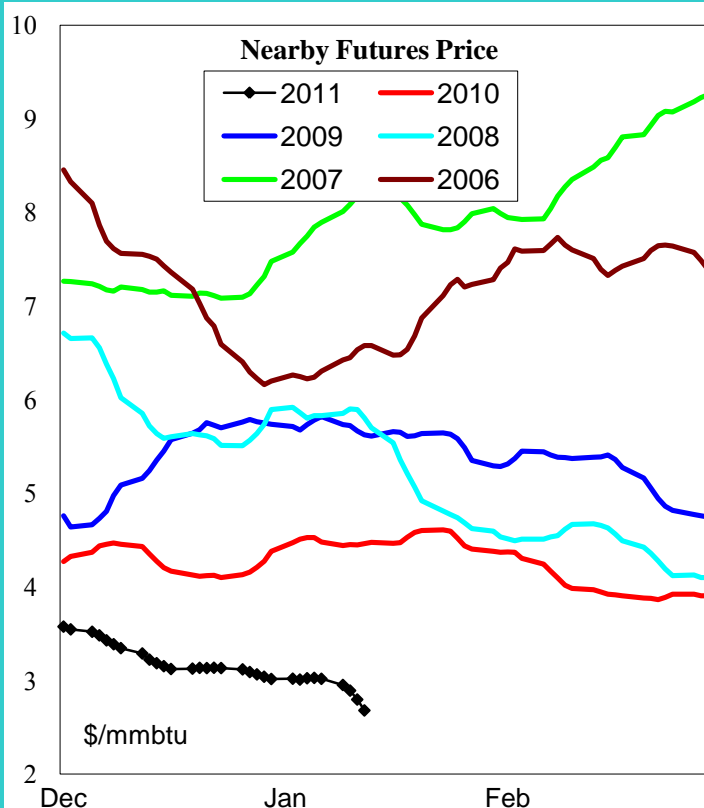
Week ending:	6-Jan-12			31-Dec-11		7-Jan-12		14-Jan-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,377	-95	8.4	0	-22%	10	-20%	-2	-22%
East	1,754	-76	9.5	8	-23%	19	-18%	-12	-23%
West	444	-3	3.3	-39	-25%	-11	-30%	33	-15%
Producing	1,179	-16	8.8	-6	-18%	-8	-25%	14	-17%

### Seasonal Trends in Stocks and Heating Degree Days

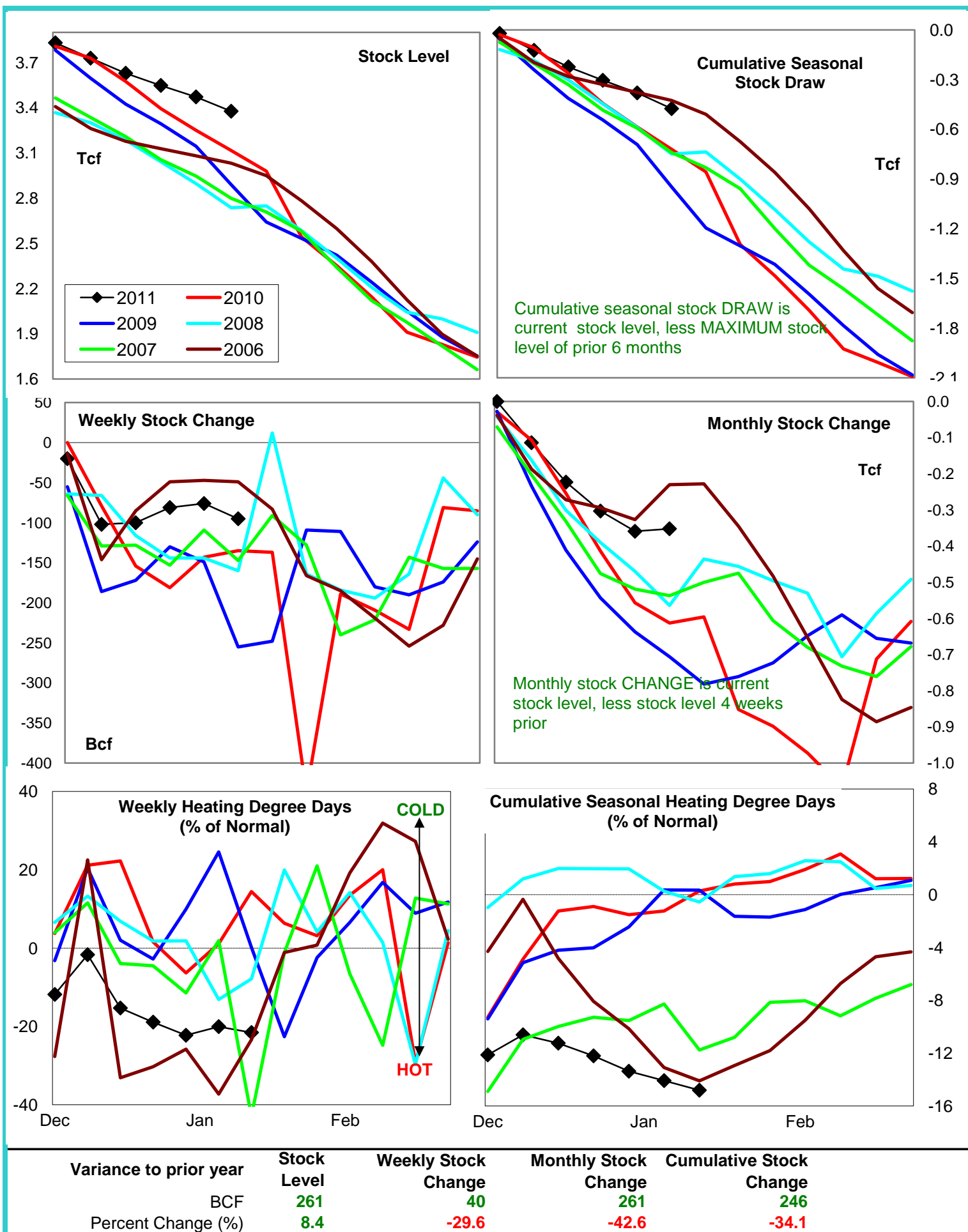
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-475</b>	<b>246</b>	<b>-51.8</b>	<b>178</b>	<b>-13.4</b>	<b>188</b>	<b>-14.1</b>	<b>187</b>	<b>-14.8</b>
<b>East</b>	<b>-337</b>	<b>148</b>	<b>-43.9</b>	<b>194</b>	<b>-15.2</b>	<b>214</b>	<b>-15.4</b>	<b>202</b>	<b>-16.2</b>
<b>West</b>	<b>-73</b>	<b>16</b>	<b>-21.9</b>	<b>161</b>	<b>-9.4</b>	<b>150</b>	<b>-11.3</b>	<b>183</b>	<b>-11.7</b>
<b>Producing</b>	<b>-82</b>	<b>86</b>	<b>-104.9</b>	<b>131</b>	<b>-6.1</b>	<b>123</b>	<b>-8.4</b>	<b>137</b>	<b>-9.4</b>

### Futures Market Price Trends

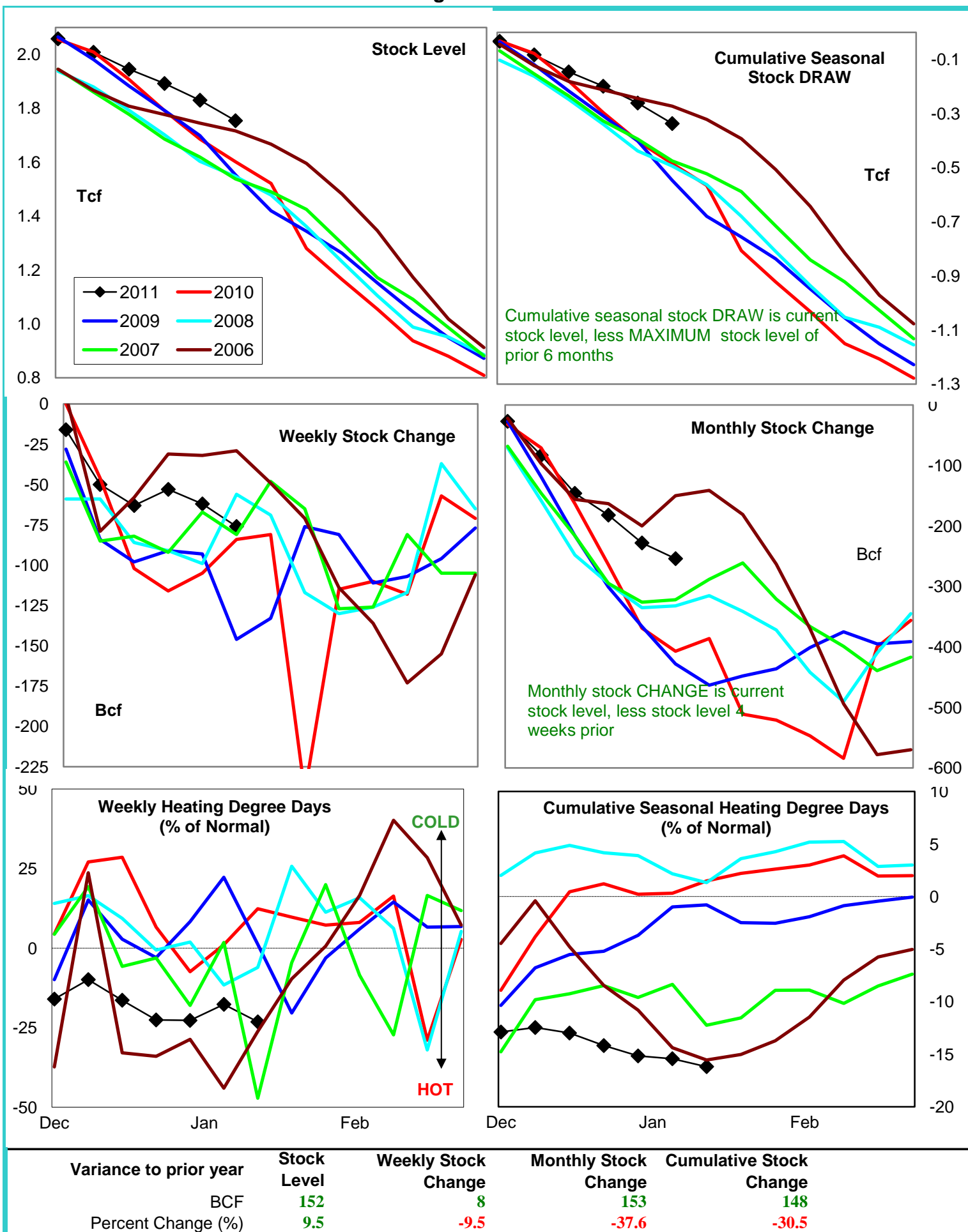
Date:	12-Jan-12	Change vs prior week, month, year		
		6-Jan-12	14-Dec-11	11-Jan-11
<b>1st month Futures</b>	<b>2.68</b>	<b>-0.38</b>	<b>-0.45</b>	<b>-1.81</b>
<b>% change</b>	xxxxx	<b>-12.4</b>	<b>-14.3</b>	<b>-40.3</b>



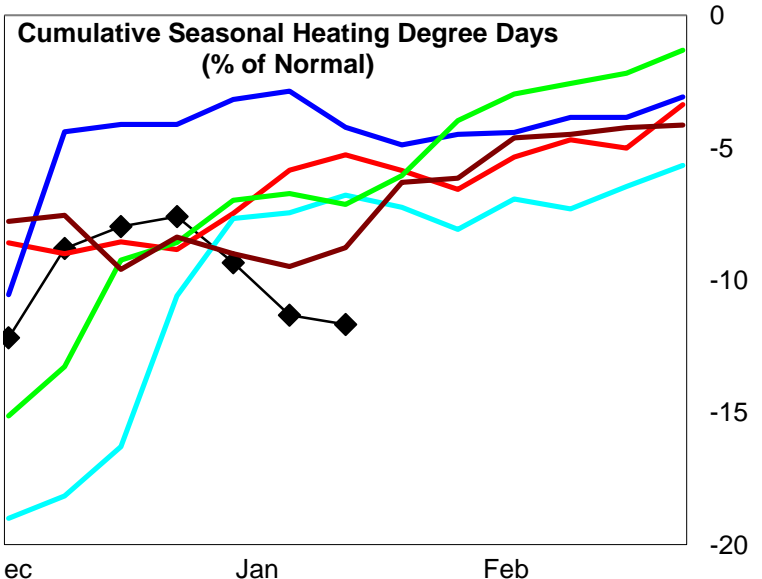
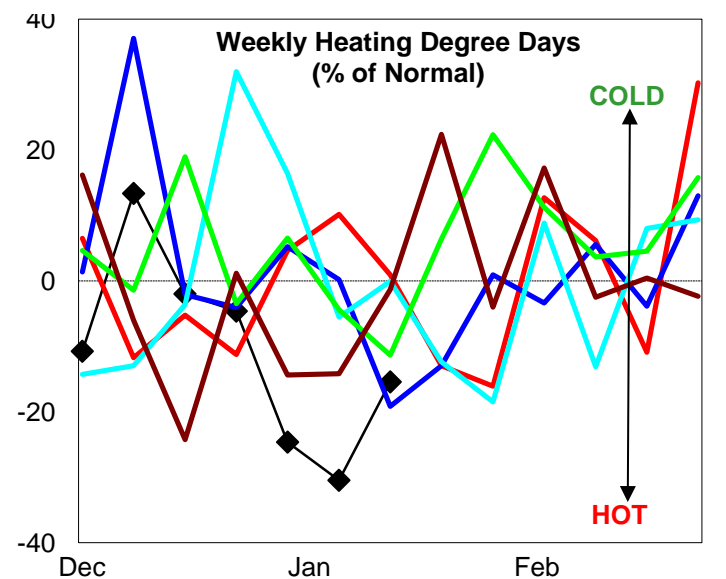
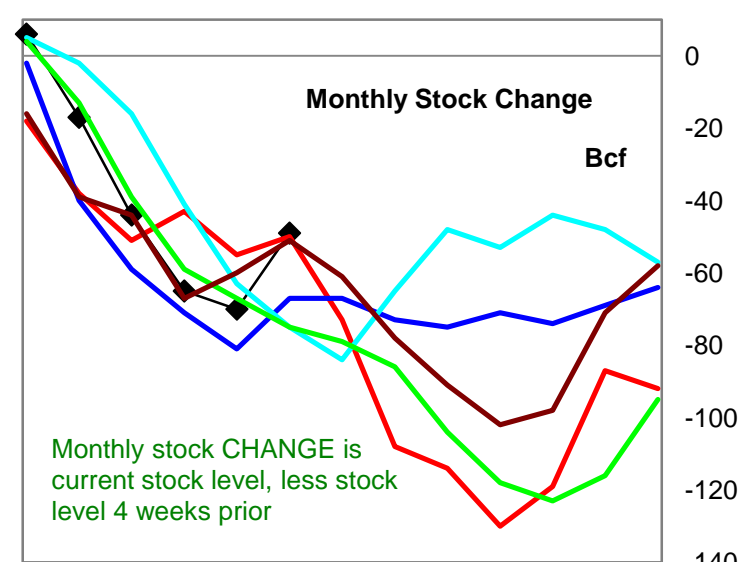
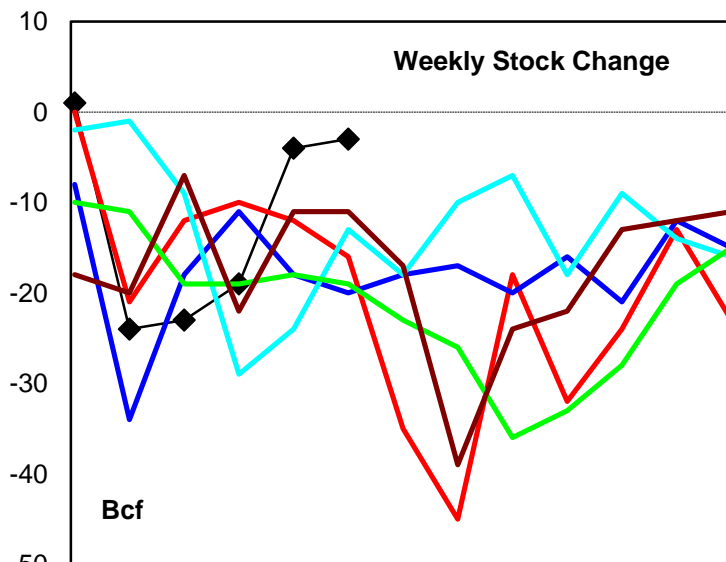
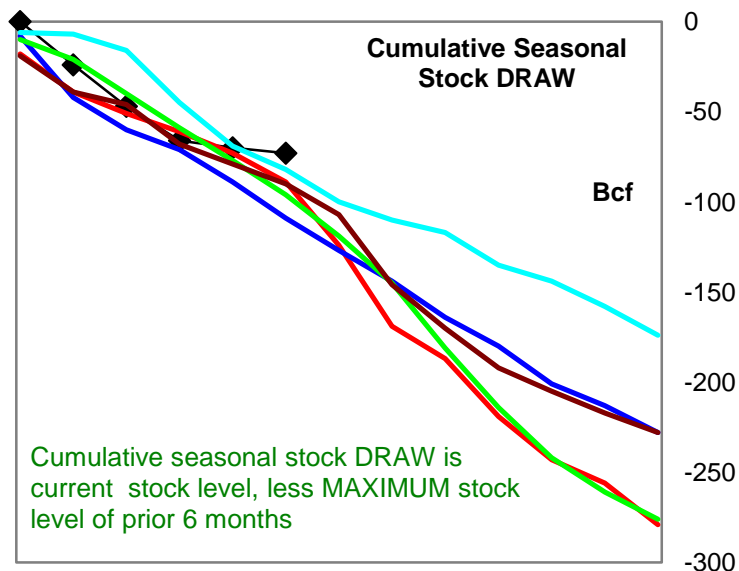
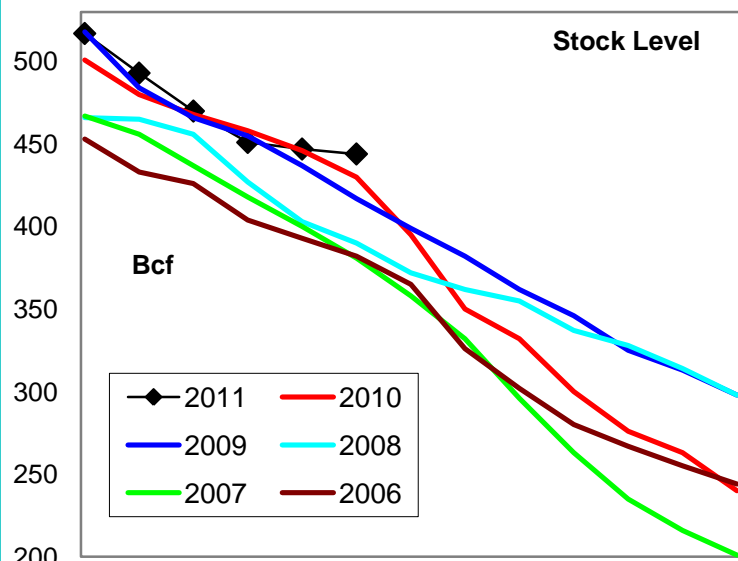
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

14

13

1

16

Percent Change (%)

3.3

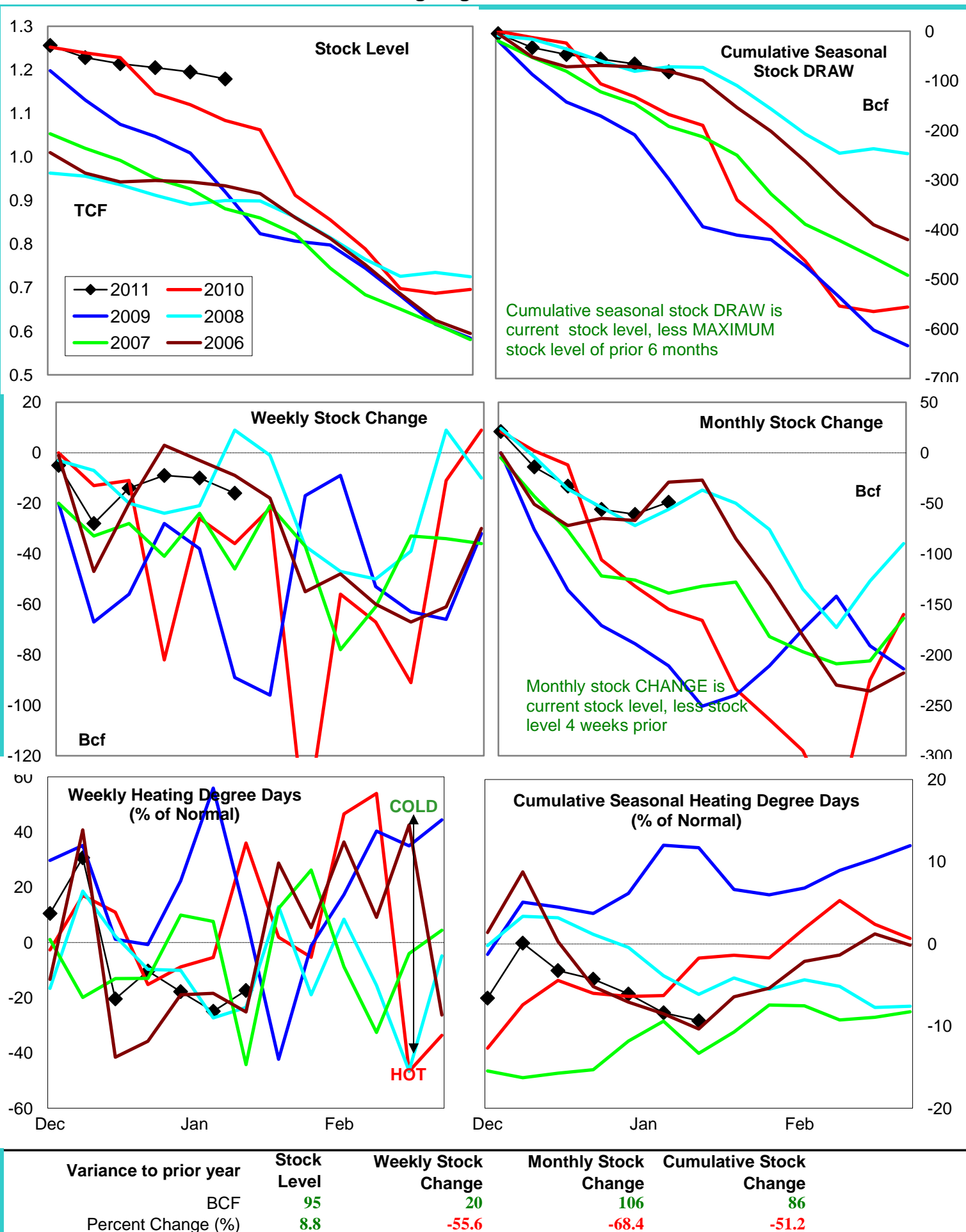
-81.3

-2.0

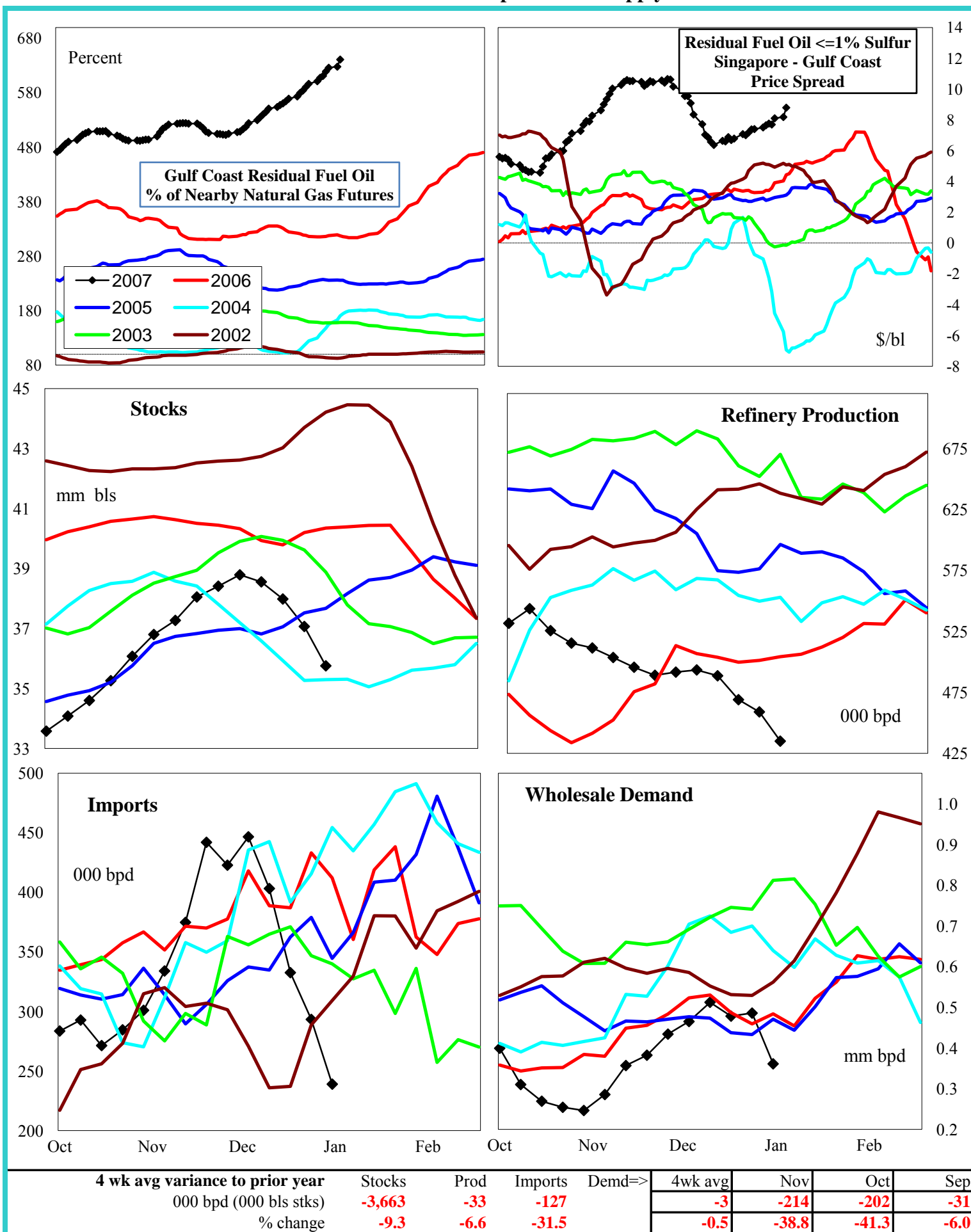
-18.0

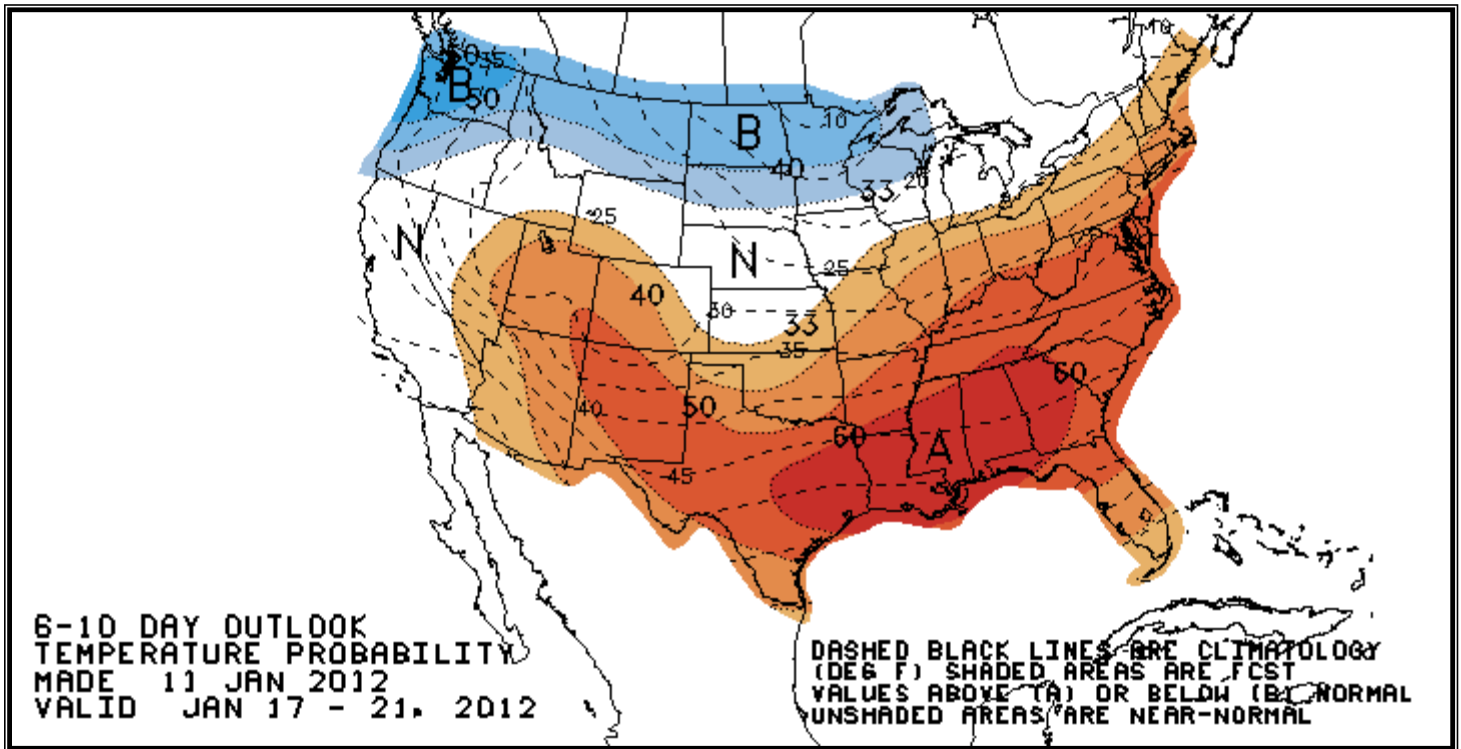
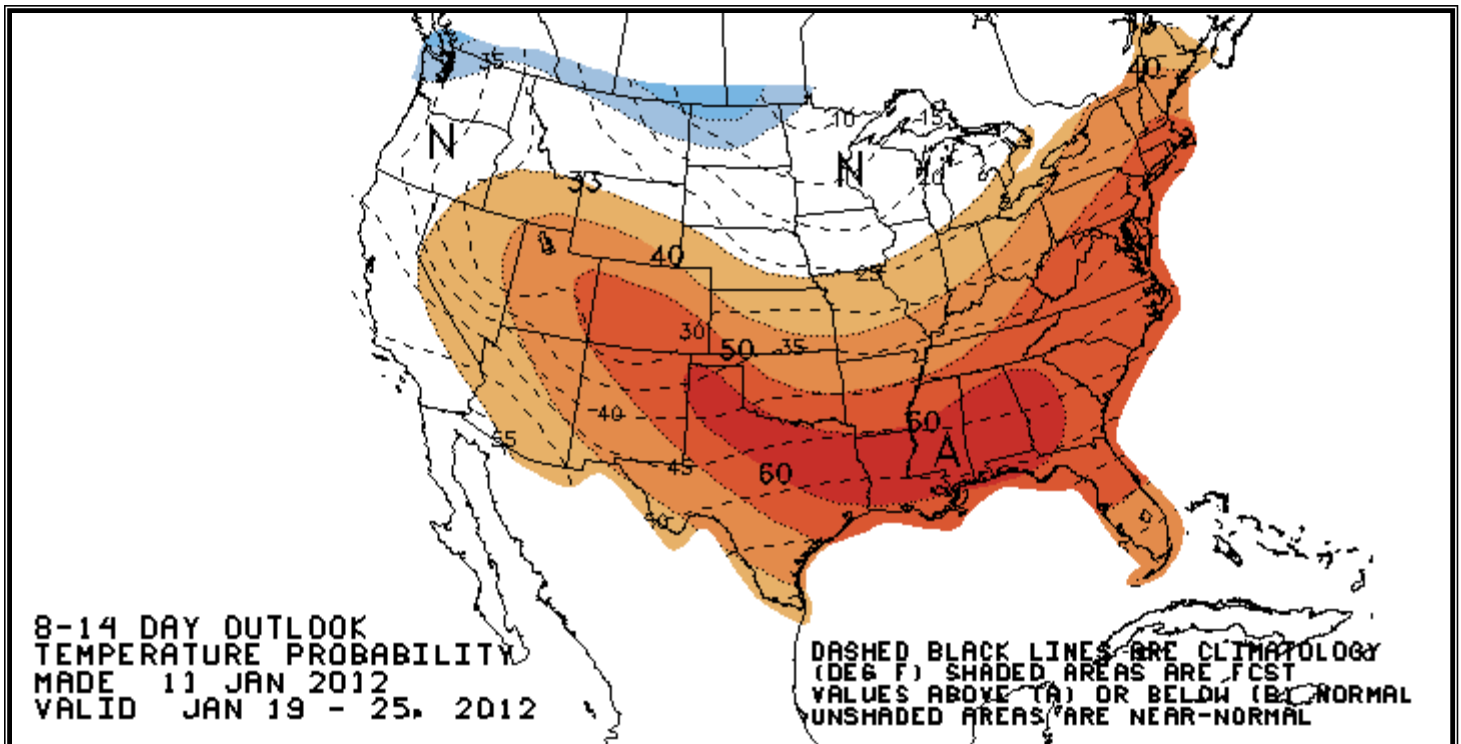


# Natural Gas Producing Region Stock and Weather Trends



# 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

