

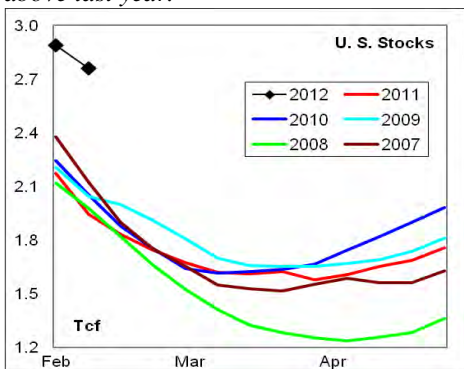
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

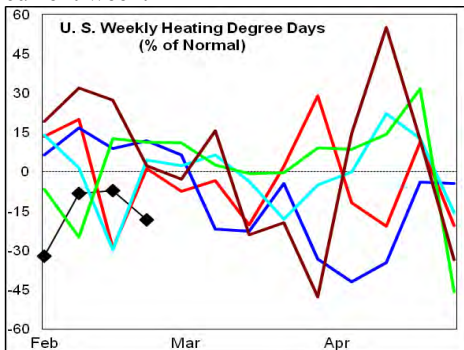
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, February 20, 2012



**Summary**<sup>1</sup> The stock draw of -127 Bcf for the week was a record low draw for the period. Stock levels ended the week +42% above last year.



Heating degree days for last week were -8% below normal, underlying the small stock draw for the week. HDD's are forecast to be -18% below normal for the current week.



In the East Region stocks decreased -83 Bcf for the week, a draw that matched the lowest of the last 5-years. Stocks declined -7 Bcf in the West Region, a record low draw for the period. The stock draw of -37 Bcf in the Producing Region was at the low end of the historic range..

Heating degree days were -11% below normal in the East Region, -9% below normal in the West Region and +7% above normal in the Producing Region for the week ending 11Feb12.

**Heating degree days** were -7% below normal for the week ended 18Feb12, and forecast to be -18% below normal for the week ending 25Feb12.

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

[Data Source is EIA Weekly Statistics](#)

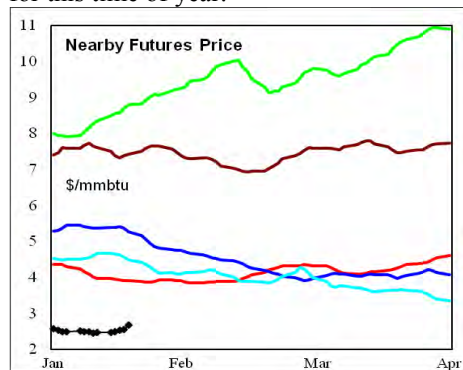
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 29Feb12 is for above normal heating degree days across the northwestern 2/3rds of the country and below normal heating degree days in the southeast.

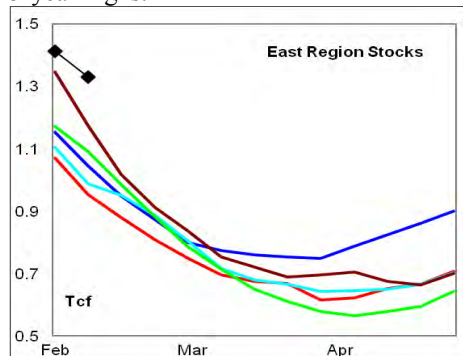
The 8-14 day NWS forecast for the week ending 04Mar12 is for above normal heating degree days in the northwest 1/3rd of the country and below normal heating degree days in the eastern 1/2 of the country.

**Prices:** Nearby gas futures prices increased +\$0.21/mmbtu for the week ending 17Feb12. The current price is -\$1.19/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 increased last week ending 17Feb12; although the 'carry' remains greater than at any time during the last 5-years for this period.

**East Region** stocks decreased -83 Bcf for the week, a draw that matched the lowest of the last 5-years. The current stock level was +39% above last year, and above prior 5-year highs.

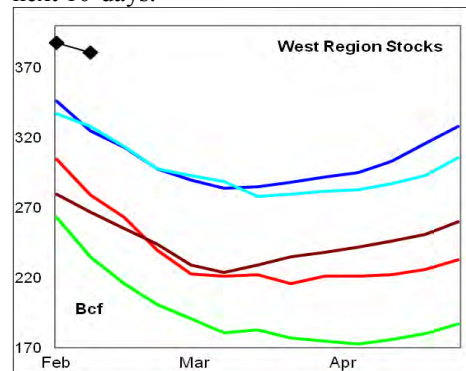


Heating degree days in the region were -11% below normal for the week ending 11Feb12, and forecast to be -18% below normal for the week ending 25Feb12. Below normal heating degree days are forecast for the next 10-days.

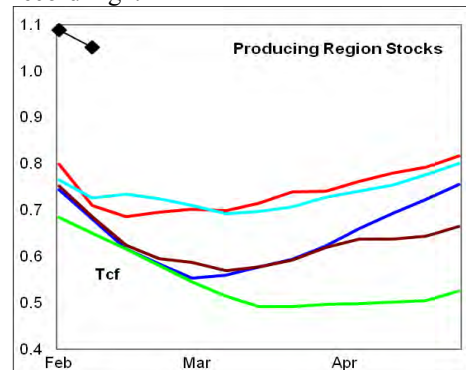
**West Region** stocks decreased -7 Bcf on the week, the smallest draw of the last 5-

years for the period. Stock levels ended the week +37% above last year and above the 5-year range. The latest 4-wk stock draw matched the smallest of the last 5-years.

Heating degree days were -9% below normal for the week ending 11Feb12, and forecast to be -13% below normal for the week ending 25Feb12. Above normal heating degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a draw of -37 Bcf on the week, a draw at the low end of the historic range. The monthly stock draw was less than at any time in the last 5-years for the period. Stock levels ended the week +48% above last years' record high.



Heating degree days were +7% above normal for the week ending 11Feb12, and forecast to be -22% below normal for the week ending 25Feb12. 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:** Stocks are +42% above a year ago - pointing to exceptionally high carryout at end of the heating season. Containment problems will force meaningful cuts in production during the 3rd quarter of this year. There is risk prices will drop below earlier record low levels ahead of the fall heating season.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: February 20, 2012

For the week ending: 10-Feb-12

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

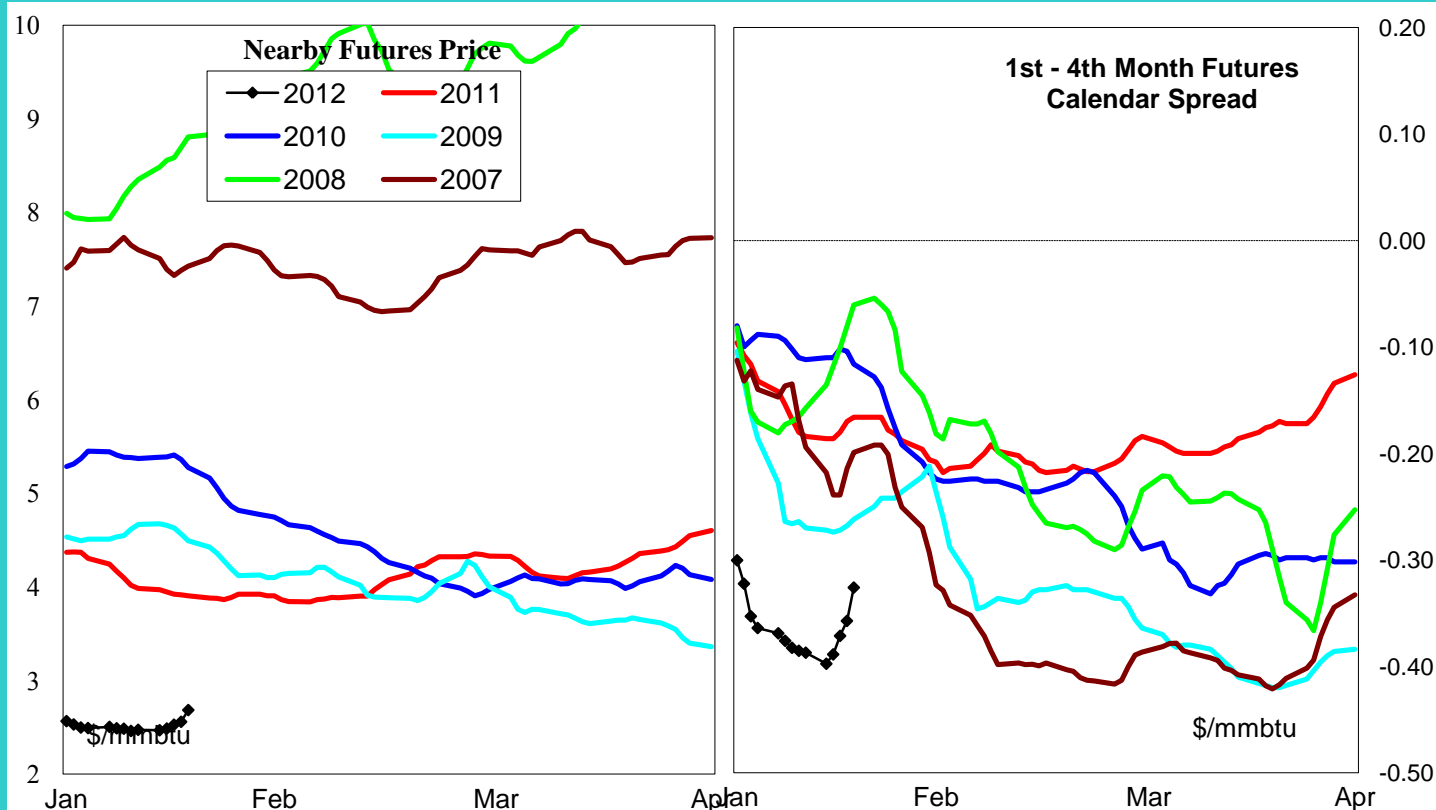
Week ending:	10-Feb-12			11-Feb-12		18-Feb-12		25-Feb-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,761	-127	42.0	47	-8%	-8	-7%	-35	-18%
East	1,329	-83	39.3	47	-11%	-9	-10%	-32	-18%
West	381	-7	36.6	14	-9%	11	2%	-36	-13%
Producing	1,051	-37	47.8	66	7%	-16	5%	-45	-22%

### Seasonal Trends in Stocks and Heating Degree Days

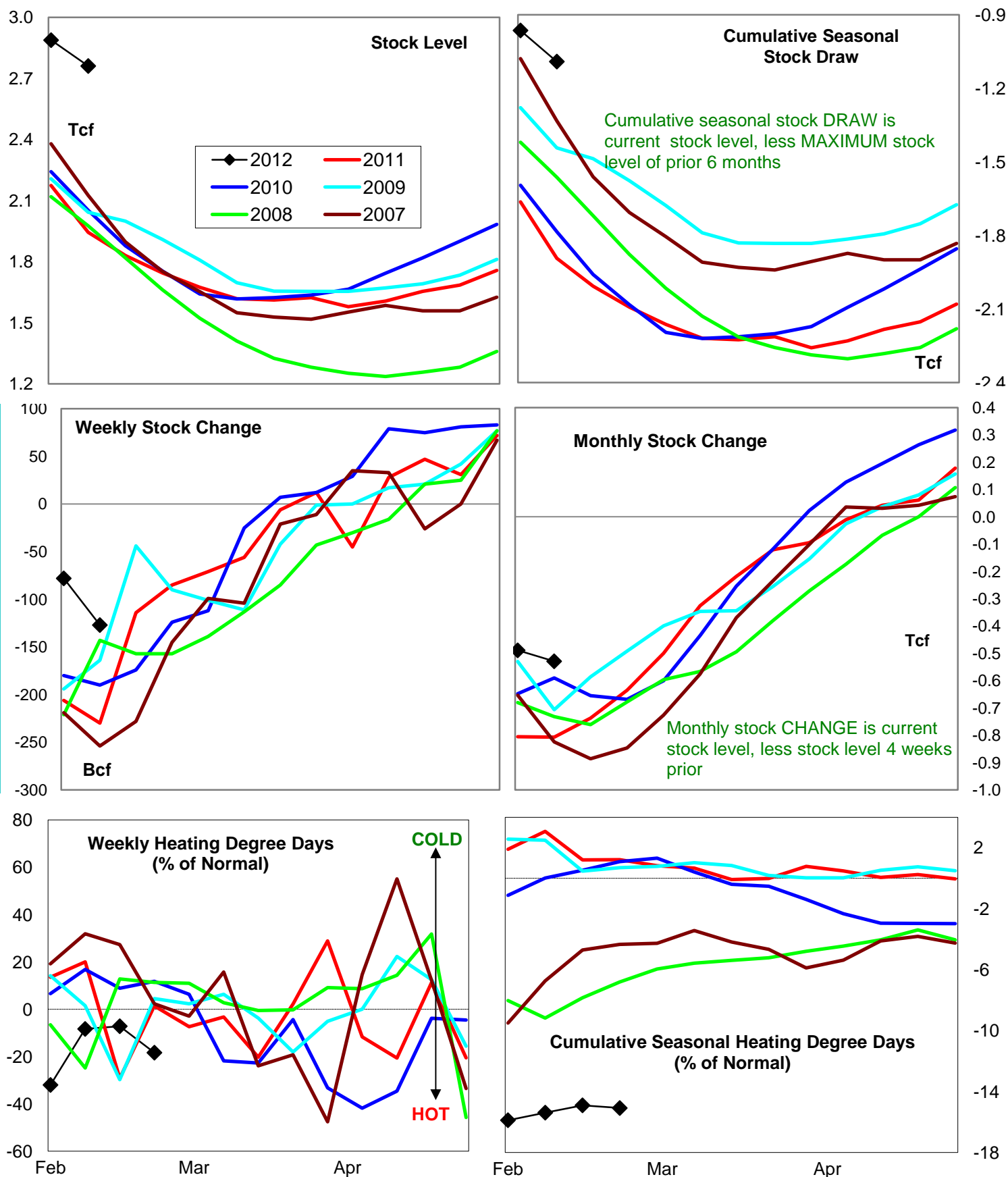
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,091</b>	<b>802</b>	<b>-73.5</b>	<b>203</b>	<b>-15.4</b>	<b>195</b>	<b>-14.9</b>	<b>160</b>	<b>-15.1</b>
<b>East</b>	<b>-762</b>	<b>371</b>	<b>-48.7</b>	<b>223</b>	<b>-16.2</b>	<b>214</b>	<b>-15.8</b>	<b>182</b>	<b>-16.0</b>
<b>West</b>	<b>-136</b>	<b>104</b>	<b>-76.5</b>	<b>177</b>	<b>-11.5</b>	<b>188</b>	<b>-10.8</b>	<b>152</b>	<b>-10.9</b>
<b>Producing</b>	<b>-210</b>	<b>331</b>	<b>-157.6</b>	<b>151</b>	<b>-14.3</b>	<b>135</b>	<b>-13.2</b>	<b>90</b>	<b>-13.6</b>

### Futures Market Price Trends

Date:	17-Feb-12	Change vs prior week, month, year		
		13-Feb-12	23-Jan-12	16-Feb-11
<b>1st month Futures</b>	<b>2.68</b>	<b>0.25</b>	<b>0.16</b>	<b>-1.10</b>
<b>% change</b>	<b>xxxxx</b>	<b>10.4</b>	<b>6.3</b>	<b>-29.0</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

817

103

278

802

Percent Change (%)

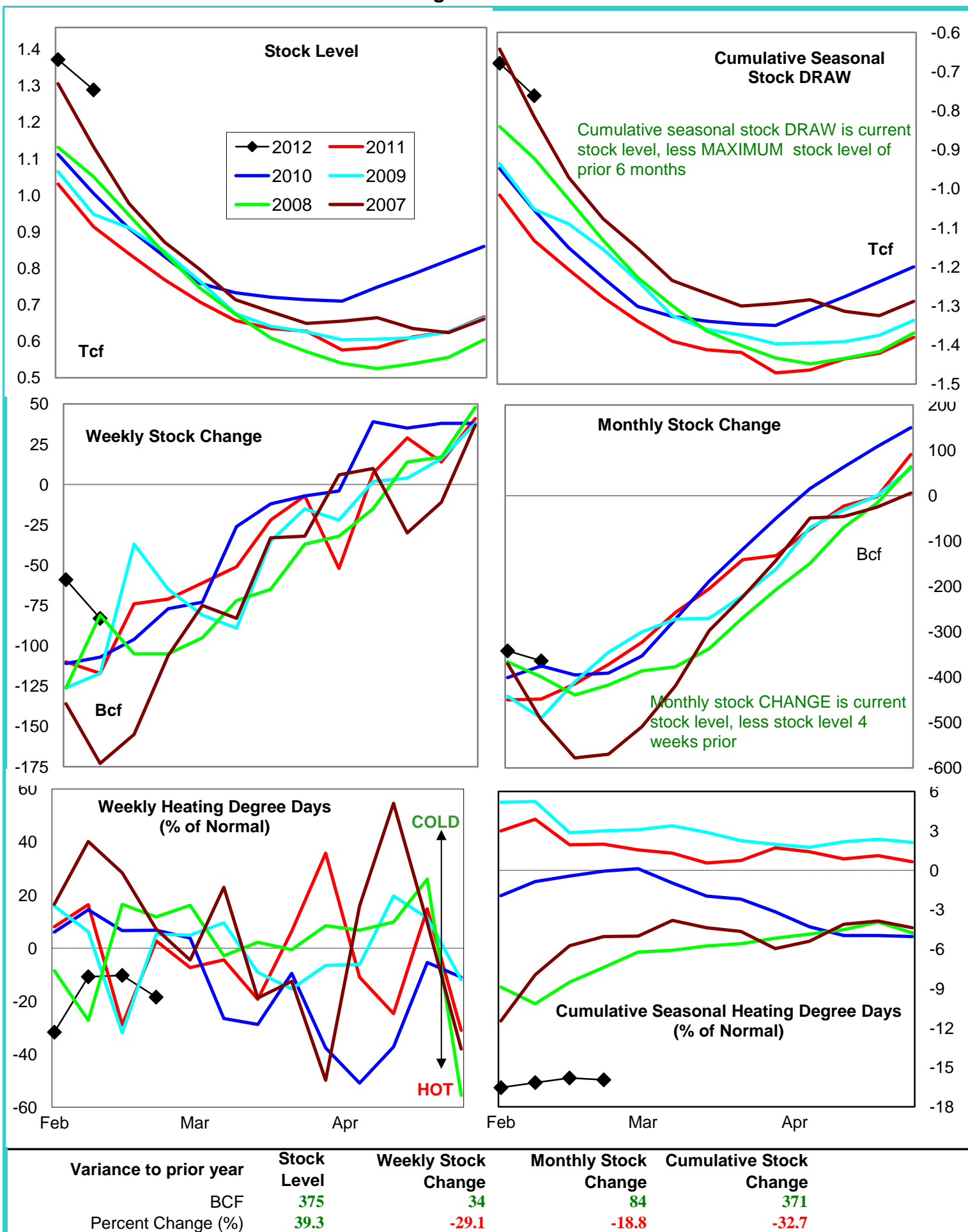
42.0

-44.8

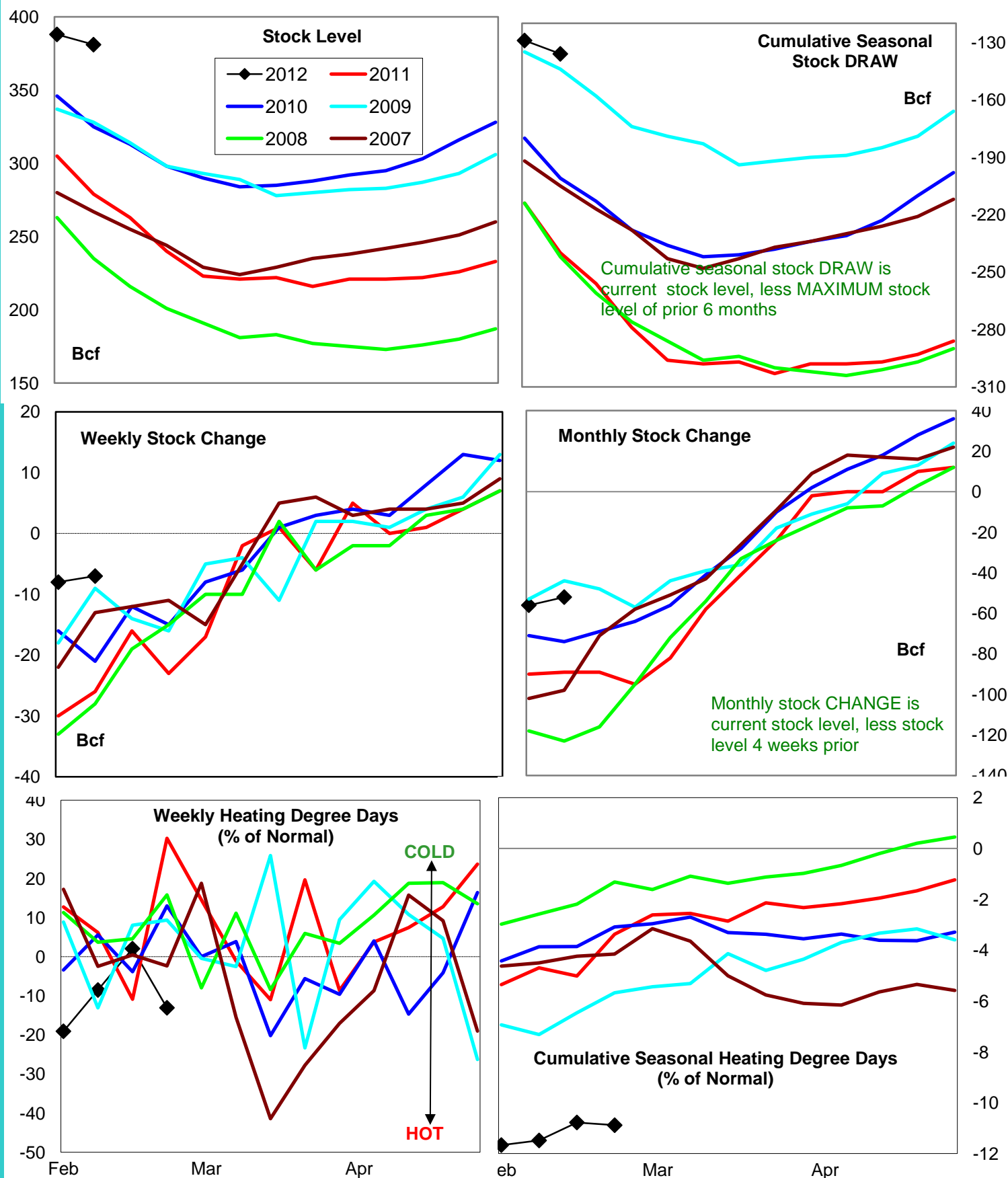
-34.4

-42.4

# Natural Gas East Region Stock and Weather Trends



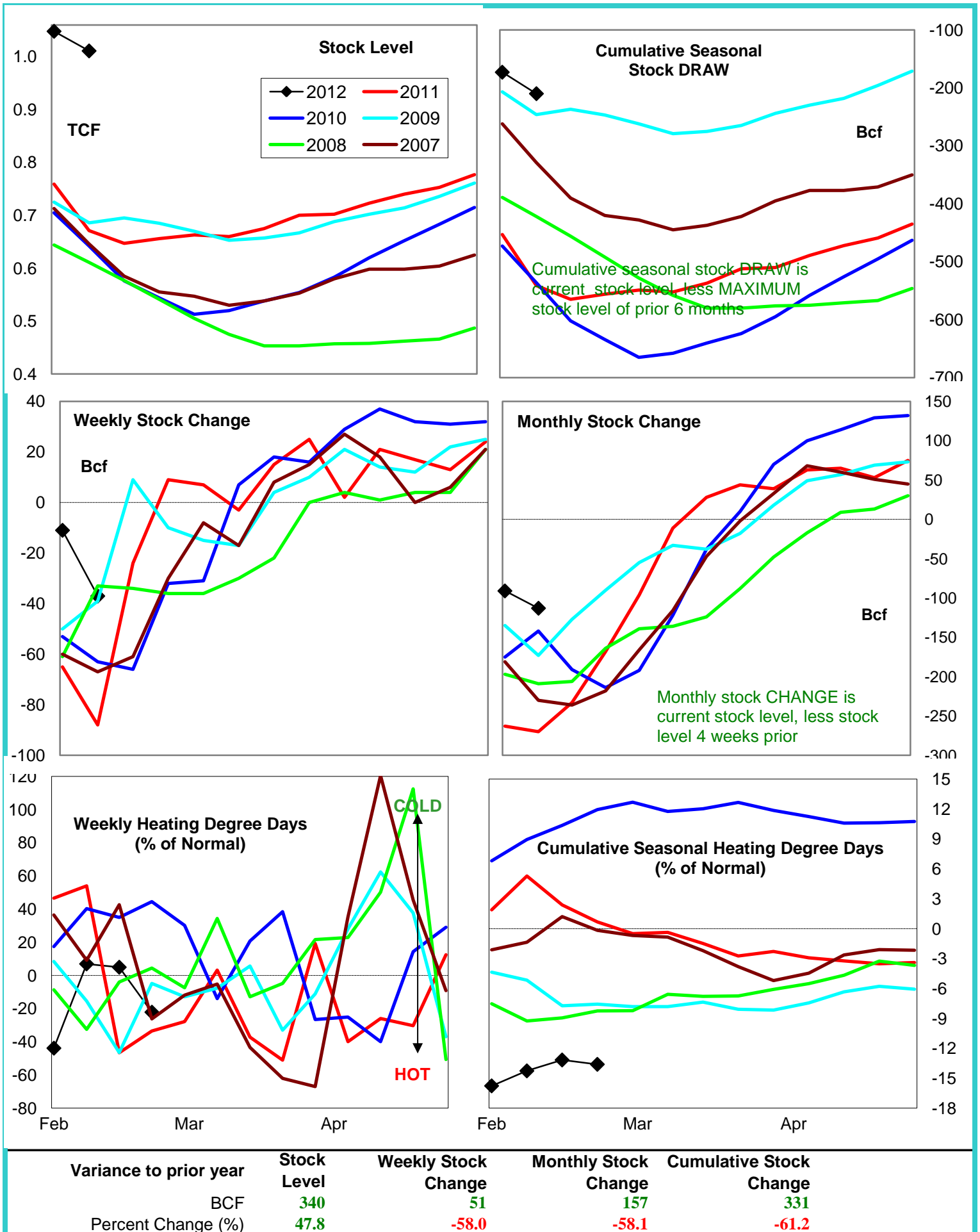
# Natural Gas West Region Stock and Weather Trends



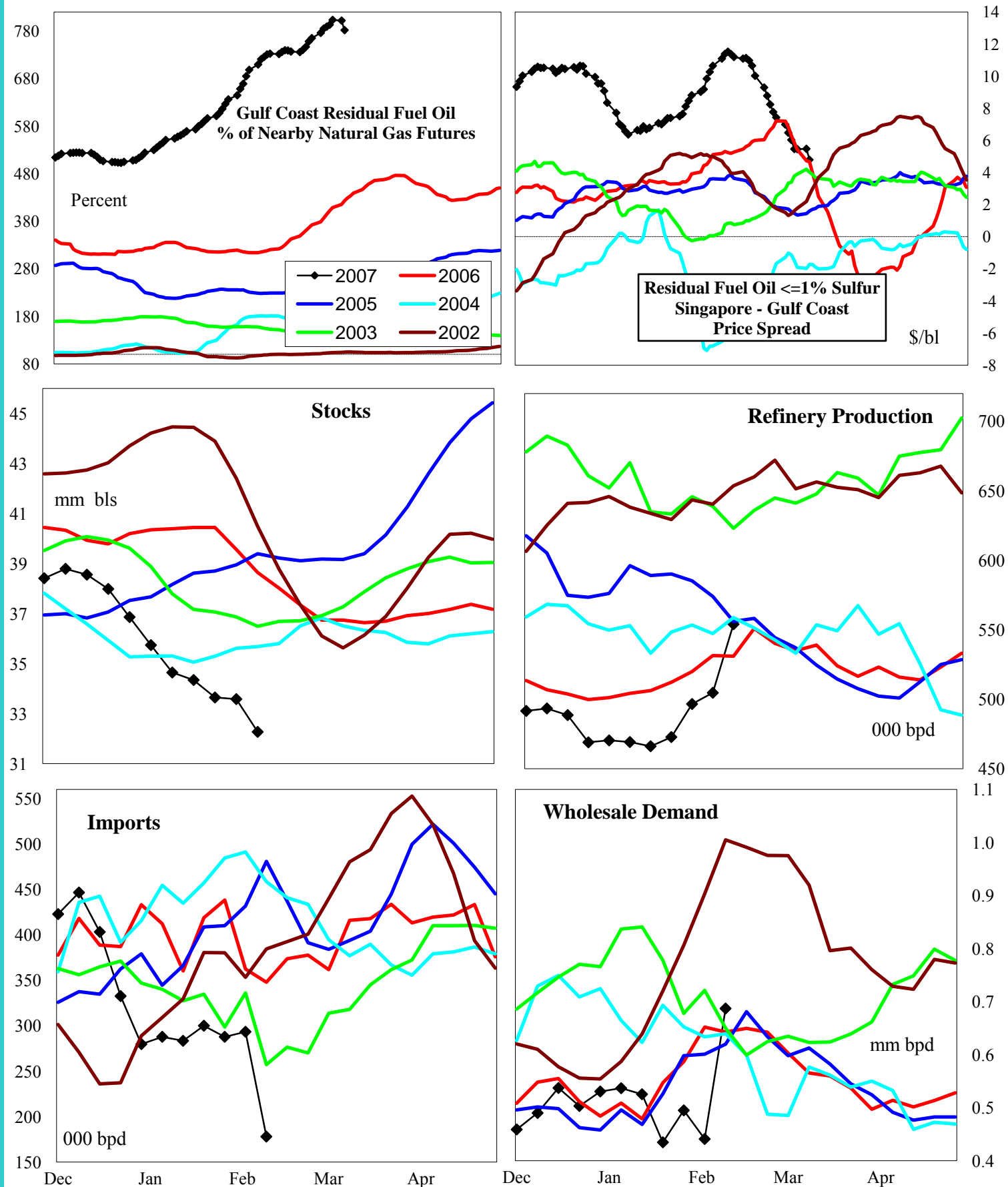
Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)102  
36.619  
-73.137  
-41.6104  
-43.3

# 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 bls stks)

% change

Stocks

-7,182

-18.2

Prod

-24

-4.6

Imports

-123

-30.1

Demd=>

4wk avg

-176

-27.1

Jan

-176

-28.3

Dec

8

1.5

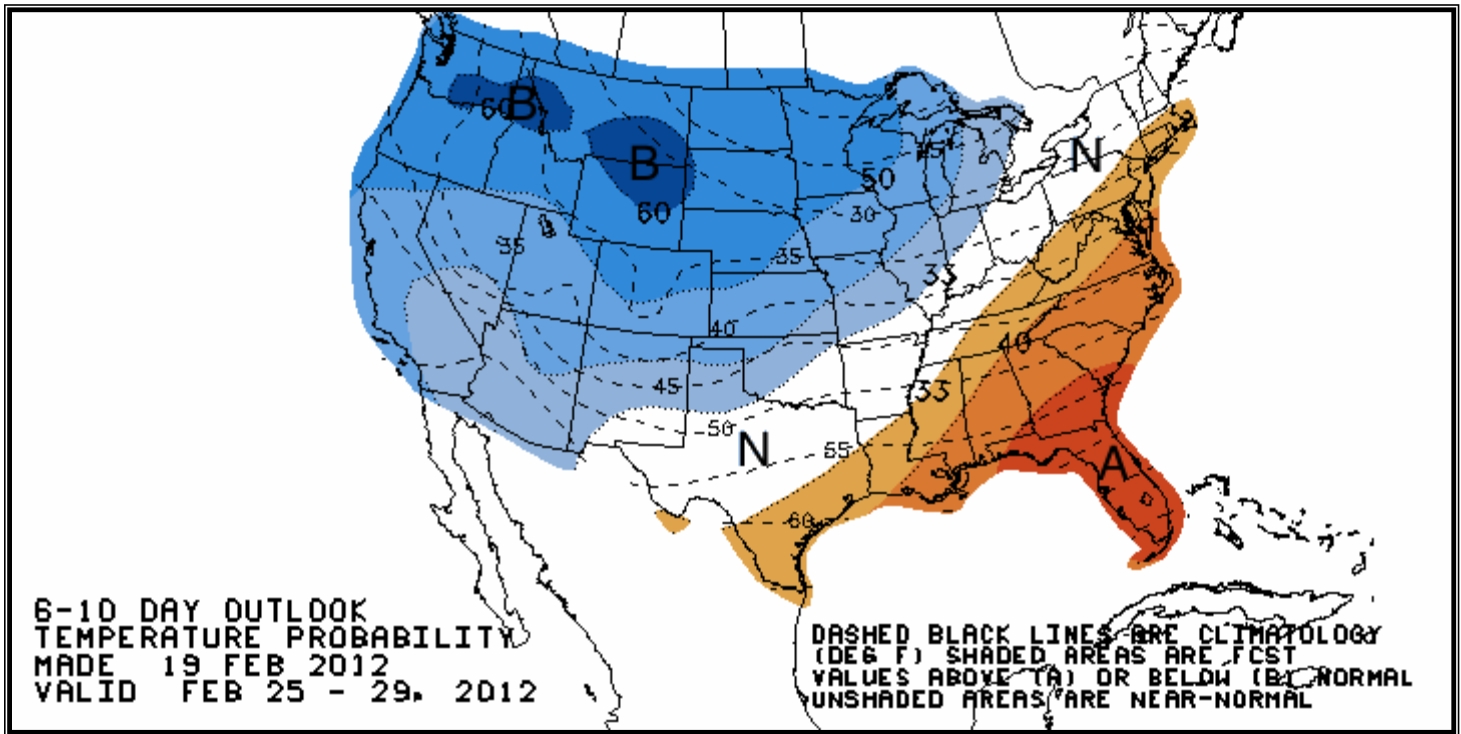
Nov

-214

-38.8

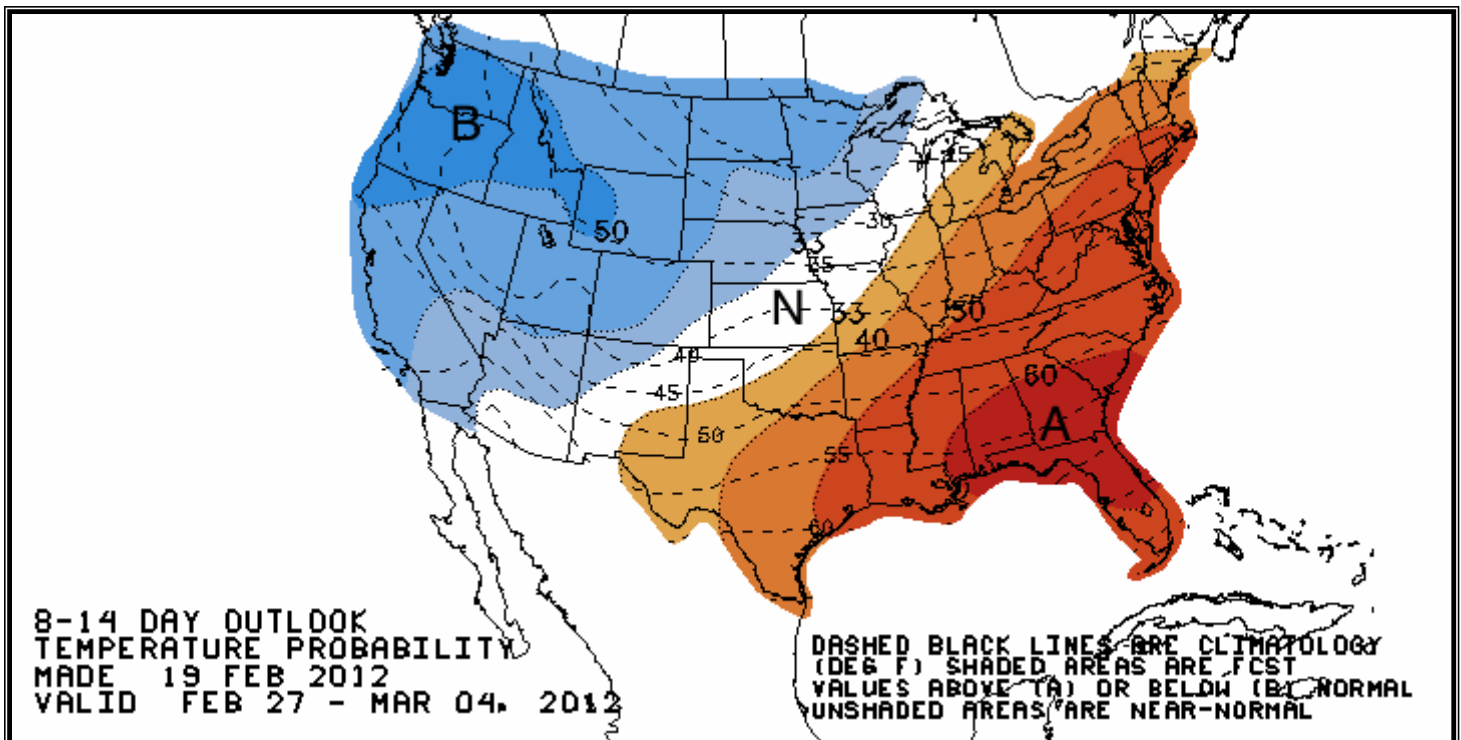
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast



# American Gas Association Regions

