



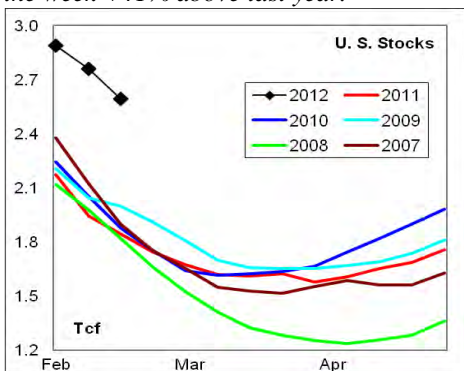
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

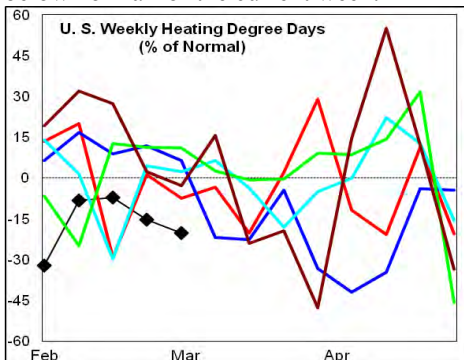
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, February 27, 2012



**Summary**<sup>1</sup> The stock draw of -166 Bcf for the week was greater than the 5-year average for the week. *Stock levels ended the week +41% above last year.*



Heating degree days for the week ending 18Feb12 were -7% below normal and -15% below normal for the week ending 25Feb12. HDD's are forecast to be -20% below normal for the current week.



In the East Region stocks decreased -97 Bcf for the week, a draw that matched the 5-year mid range. Stocks declined -11 Bcf in the West Region, a record low draw for the period. The stock draw of -58 Bcf in the Producing Region was near the historic high for the week.

Heating degree days were -10% below normal in the East Region, +2% above normal in the West Region and +5% above normal in the Producing Region for the week ending 18Feb12.

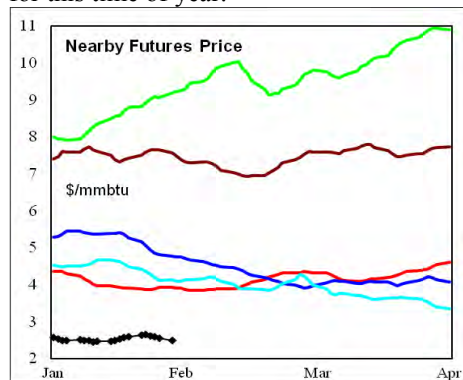
**Heating degree days** were -7% below normal for the week ended 18Feb12, and -15% below normal for the week ending 25Feb12. Heating degrees are forecast to

be -20% below norm for the week ending 03Mar12.

The 6-10 day NWS forecast for the week ending 07Mar12 is for below normal heating degree days across the eastern 2/3rds of the country.

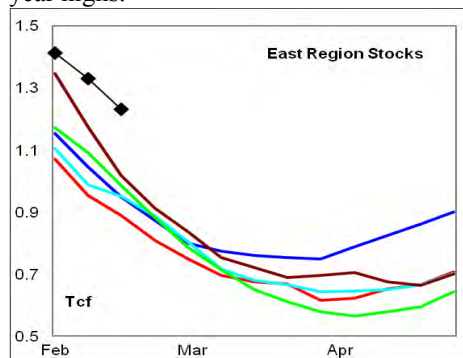
The 8-14 day NWS forecast for the week ending 11Mar12 is for an extension of the 6-10 day forecast, with heating degree days below normal across the eastern 2/3rds of the country.

**Prices:** Nearby gas futures prices decreased -\$0.19/mmbtu for the week ending 27Feb12. The current price is -\$1.55/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 fell last week ending 27Feb12, to a level comparable to the 5-year low for the spring season.

**East Region** stocks decreased -97 Bcf for the week, a draw that matched the 5-year mid range. The current stock level was +39% above last year, and above prior 5-year highs.

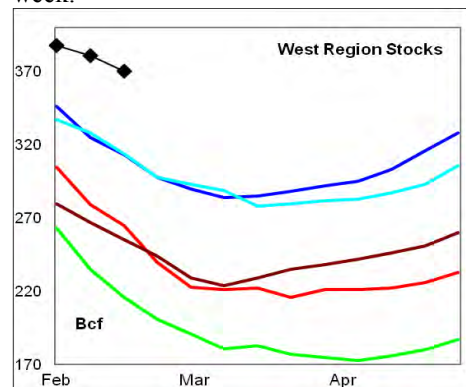


Heating degree days in the region were -10% below normal for the week ending 18Feb12, and -16% below normal for the week ending 25Feb12. Heating degree are forecast to be -21% below normal for the current week.

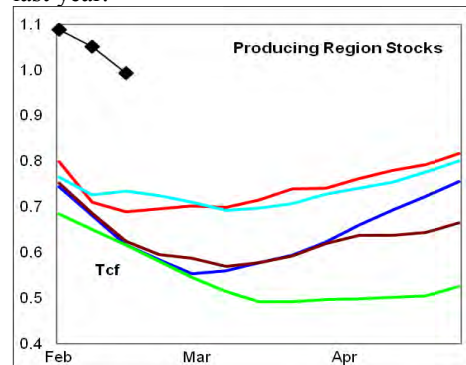
**West Region** stocks decreased -11 Bcf on the week, a record low draw for the week. Stock levels ended the week +40% above last year and above the 5-year range. The

latest 4-wk stock draw was a record low for the period.

Heating degree days were +2% above normal for the week ending 18Feb12, and -7% below normal for the week ending 25Feb12. Heating degree days are forecast to be +8% above normal for the current week.



**Producing Region** stocks experienced a draw of -58 Bcf on the week, a draw near the 5-year high for the period. The monthly stock draw matched the lowest draw for this period during the last 5-years. Stock levels ended the week +44% above last year.



Heating degree days were +5% above normal for the week ending 18Feb12, and -21% below normal for the week ending 25Feb12. Heating degree days are forecast to be -41% below normal for the current week.

**Residual Fuel Oil Switching:** The price spread between fuel oil and natural gas remains highly favorable for gas.

**Outlook:** Stocks are +41% above a year ago. Heating degree days are forecast to be -20% below normal for the current week, with the 10-day outlook much warmer than normal in the eastern 2/3rds of the country. There is risk prices will drop below earlier record low levels ahead of the fall heating season.

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

[Data Source is EIA Weekly Statistics](http://Data Source is EIA Weekly Statistics)

[National Weather Service 6-10 Day](http://National Weather Service 6-10 Day)

[National Weather Service 10-14 Day](http://National Weather Service 10-14 Day)



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: February 27, 2012

For the week ending: 17-Feb-12

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

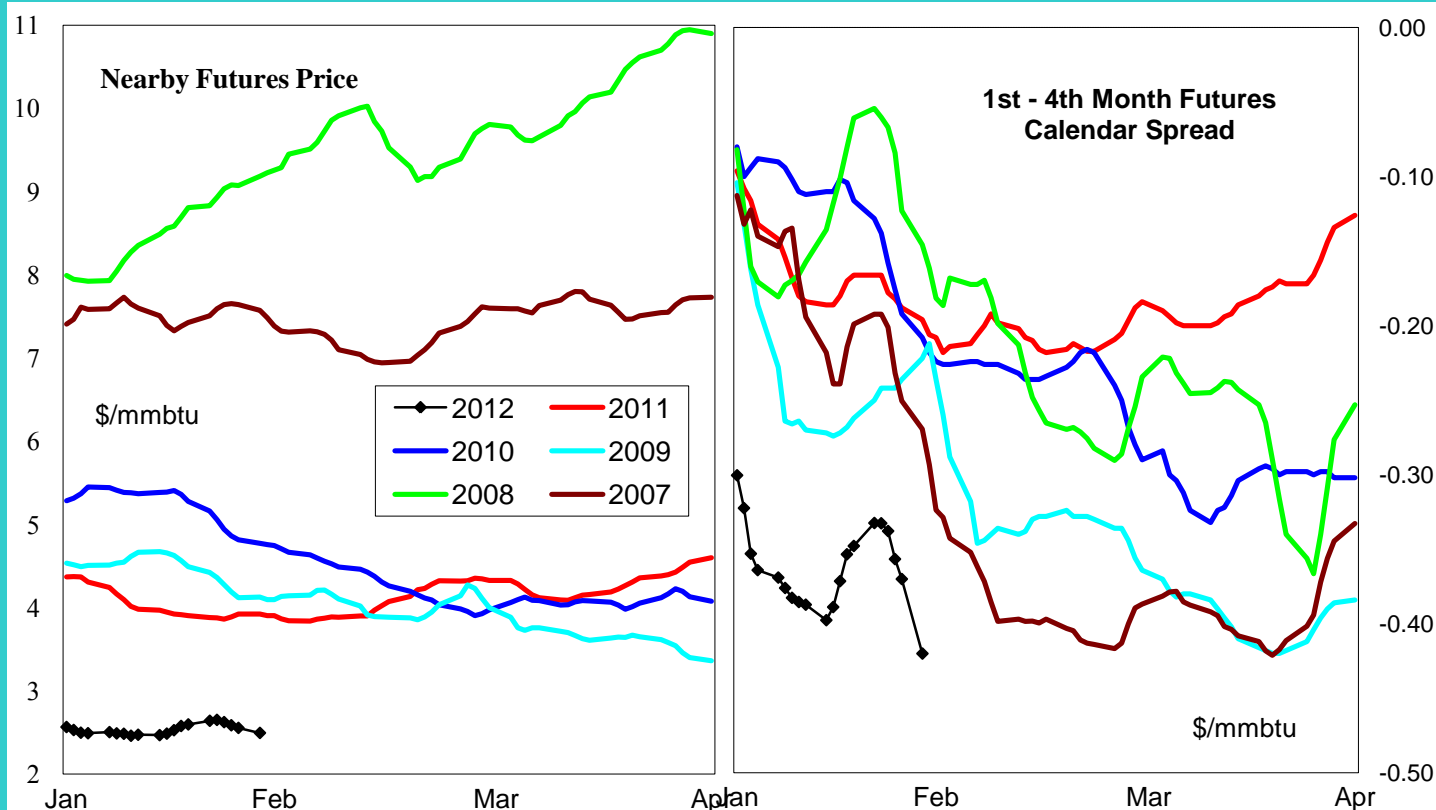
Week ending:	17-Feb-12			18-Feb-12		25-Feb-12		3-Mar-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,595	-166	40.9	-8	-7%	-28	-15%	-20	-20%
East	1,232	-97	38.7	-9	-10%	-24	-16%	-24	-21%
West	370	-11	39.6	11	2%	-26	-7%	17	8%
Producing	993	-58	44.1	-16	5%	-43	-21%	-30	-41%

### Seasonal Trends in Stocks and Heating Degree Days

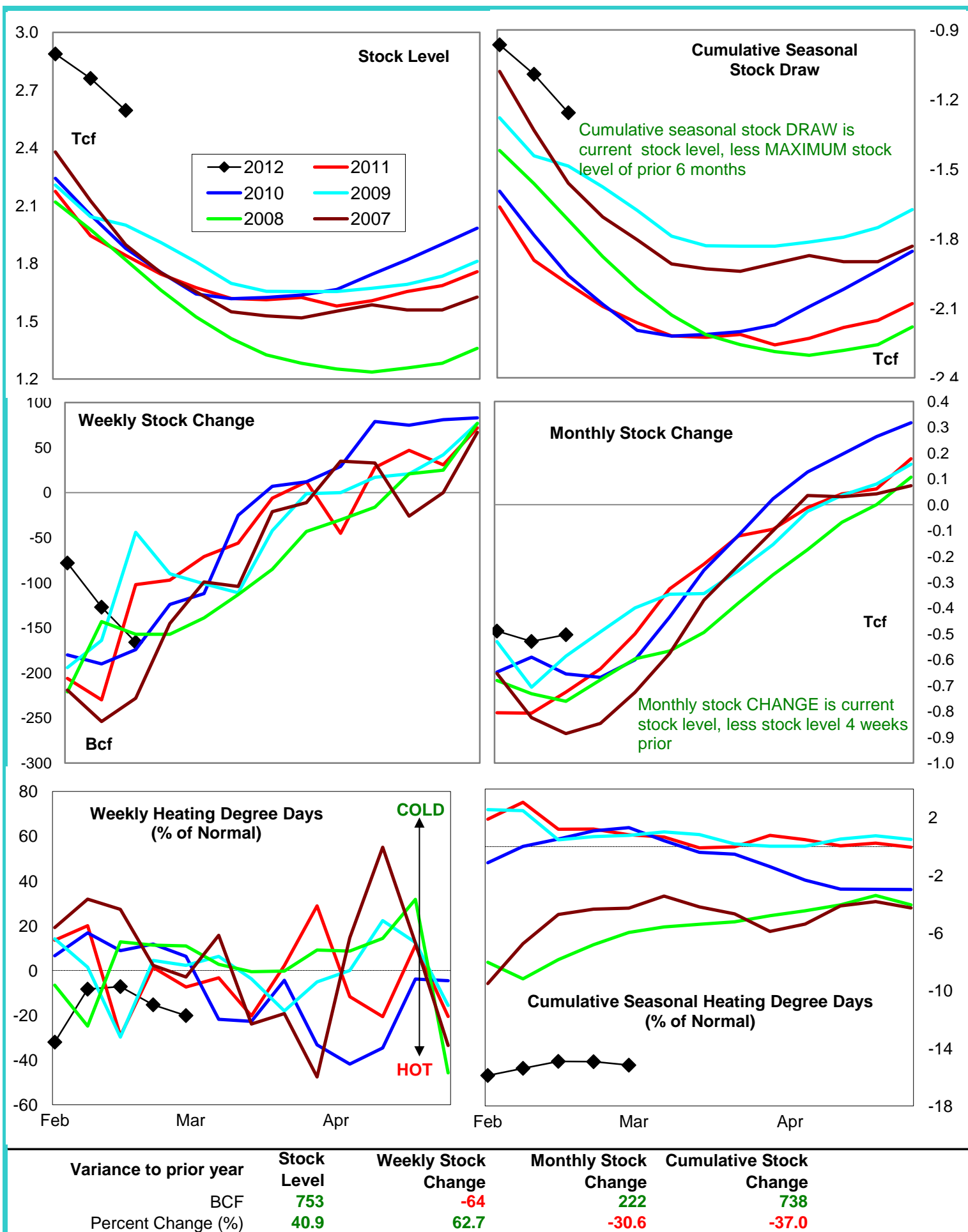
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,257</b>	<b>738</b>	<b>-58.7</b>	<b>195</b>	<b>-14.9</b>	<b>167</b>	<b>-14.9</b>	<b>147</b>	<b>-15.2</b>
<b>East</b>	<b>-859</b>	<b>340</b>	<b>-39.6</b>	<b>214</b>	<b>-15.8</b>	<b>190</b>	<b>-15.8</b>	<b>166</b>	<b>-16.0</b>
<b>West</b>	<b>-147</b>	<b>107</b>	<b>-72.8</b>	<b>188</b>	<b>-10.8</b>	<b>162</b>	<b>-10.6</b>	<b>179</b>	<b>-9.8</b>
<b>Producing</b>	<b>-268</b>	<b>295</b>	<b>-110.1</b>	<b>135</b>	<b>-13.2</b>	<b>91</b>	<b>-13.6</b>	<b>62</b>	<b>-14.7</b>

### Futures Market Price Trends

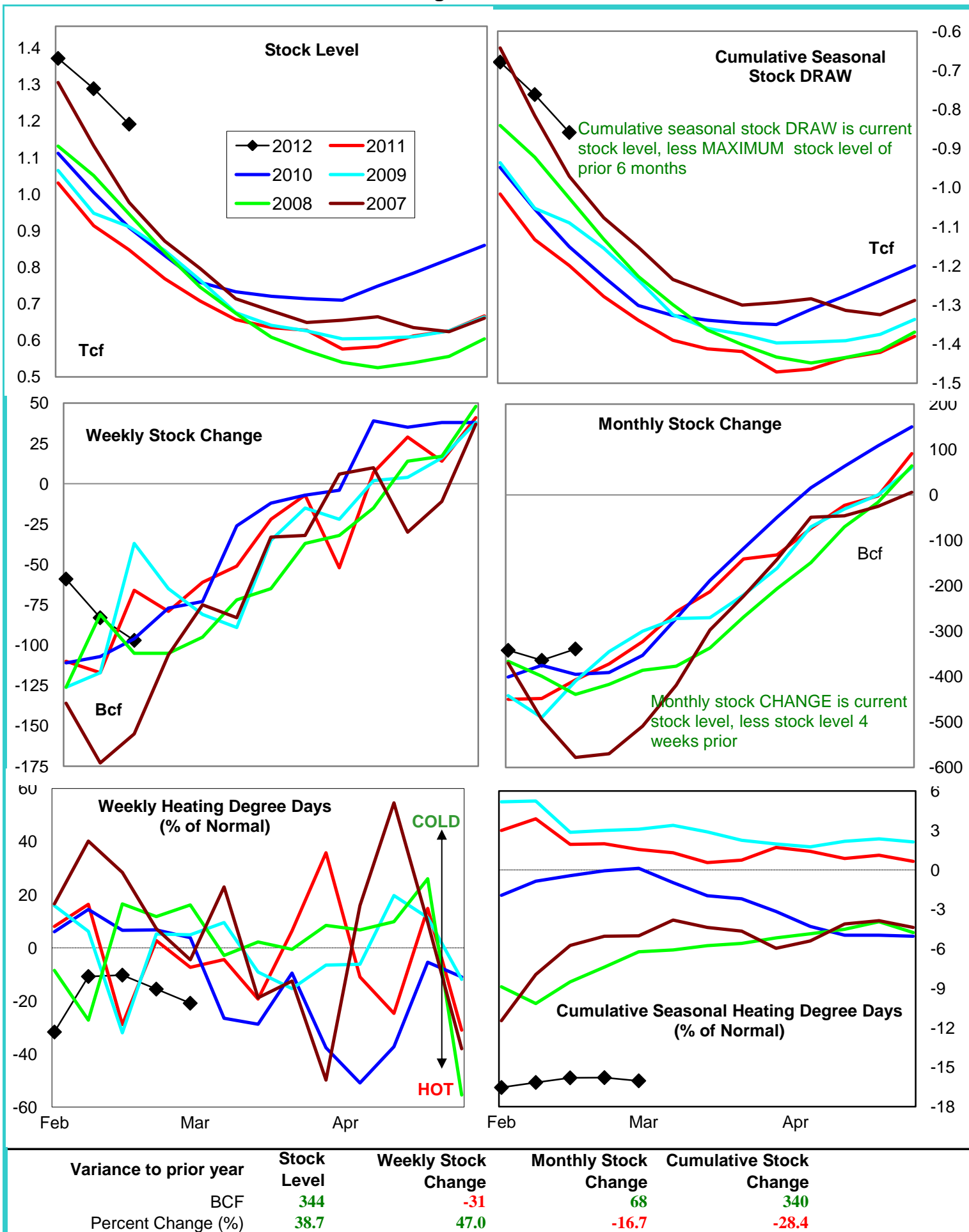
Date:	27-Feb-12	Change vs prior week, month, year		
		21-Feb-12	31-Jan-12	25-Feb-11
<b>1st month Futures</b>	<b>2.50</b>	<b>-0.13</b>	<b>-0.01</b>	<b>-1.40</b>
<b>% change</b>	<b>xxxxx</b>	<b>-5.0</b>	<b>-0.3</b>	<b>-35.9</b>



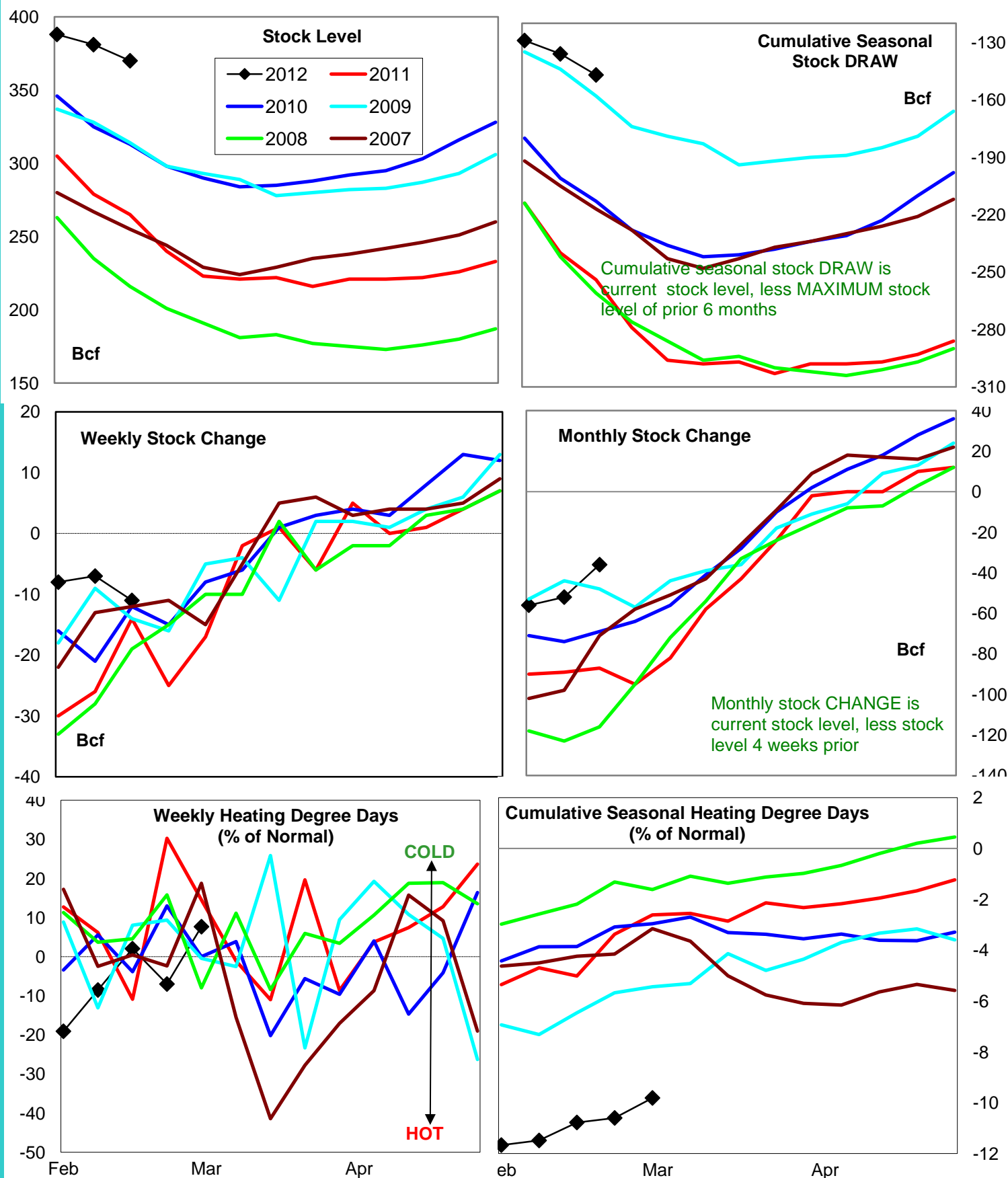
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends

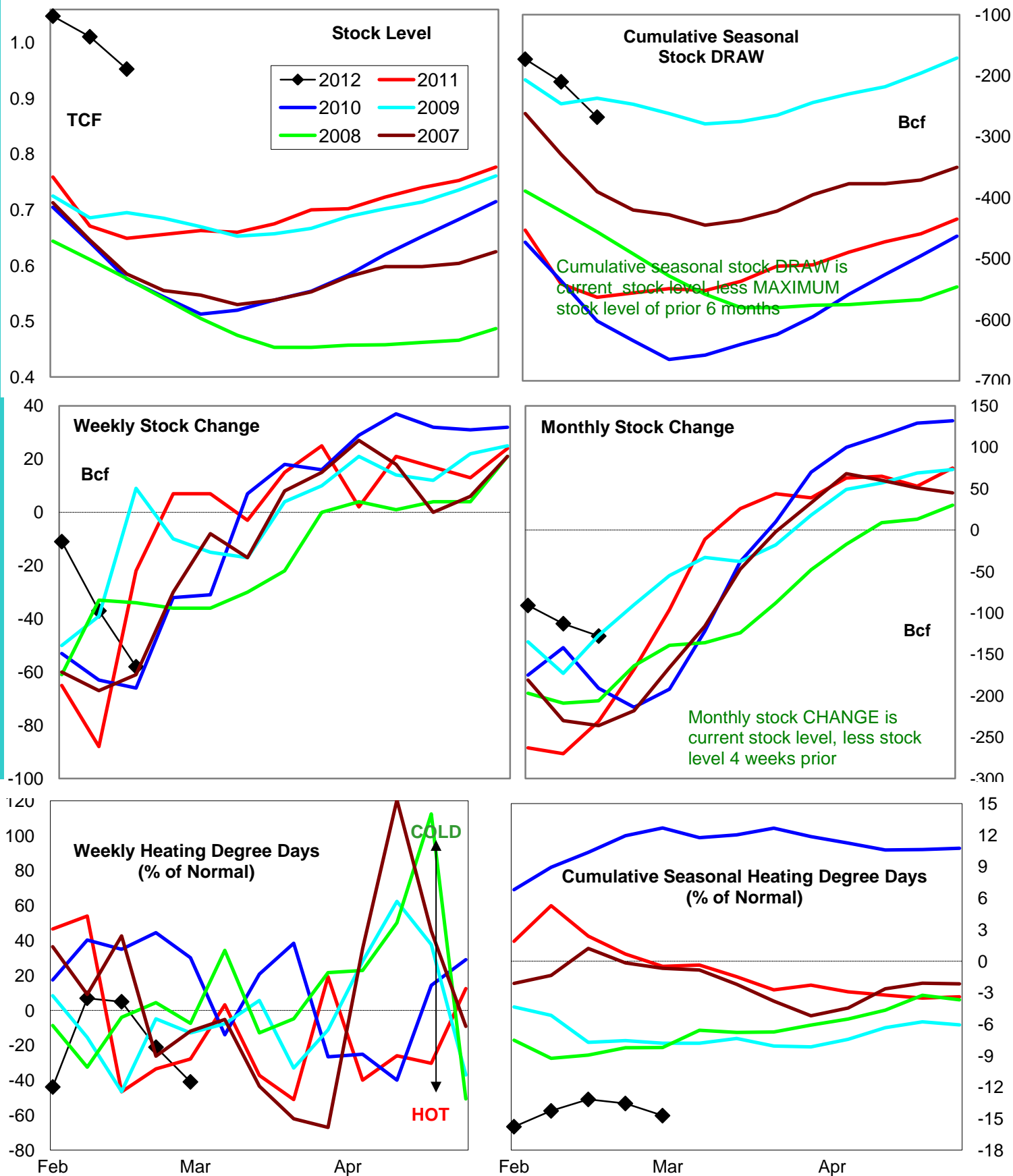


Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)105  
39.63  
-21.451  
-58.6107  
-42.1



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

304

-36

103

295

Percent Change (%)

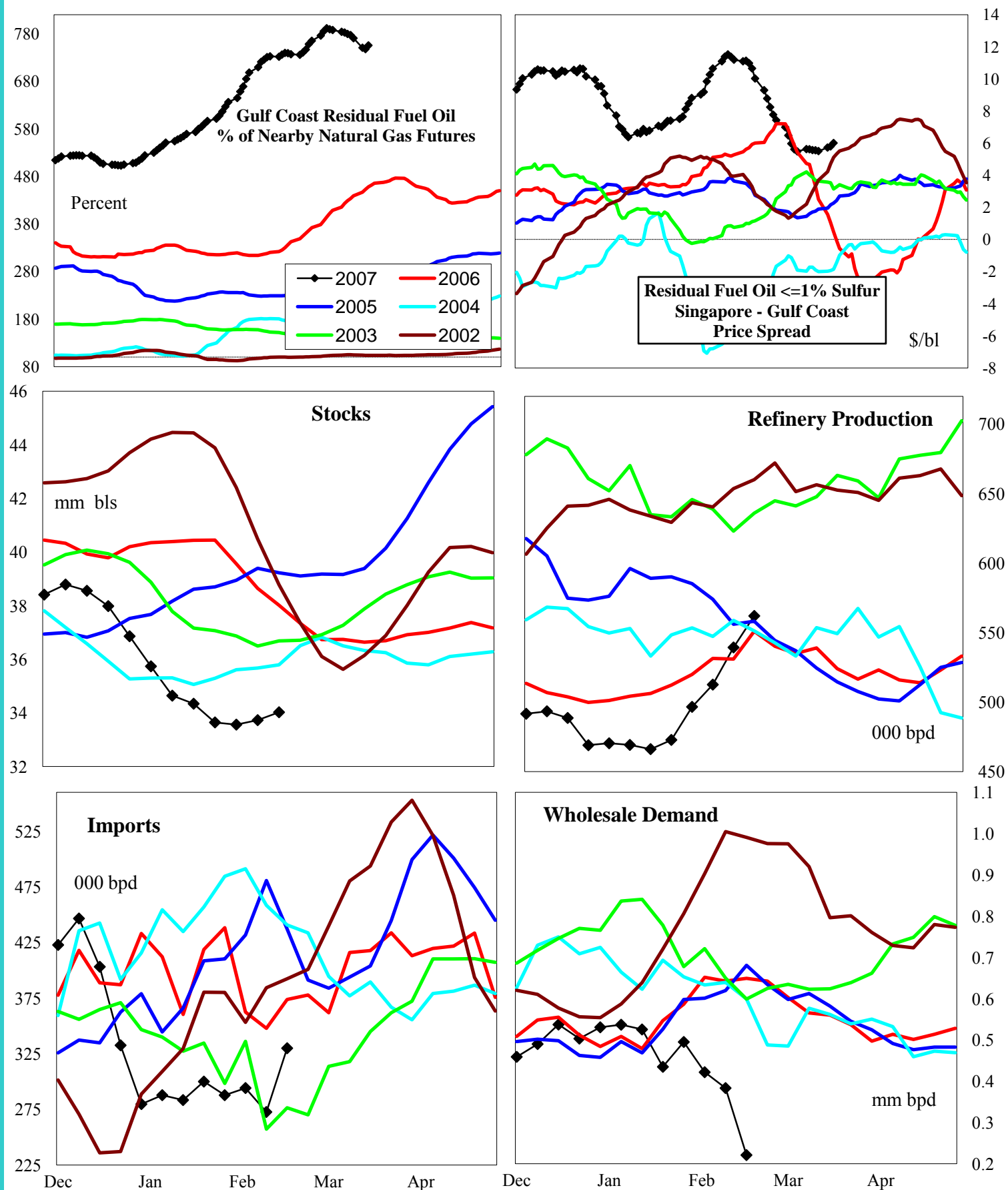
44.1

163.6

-44.6

-52.4

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,379

-9.0

Prod

2

0.4

Imports

-59

-16.3

Demd=&gt;

4wk avg

-277

-41.7

Jan

-176

-28.3

Dec

8

1.5

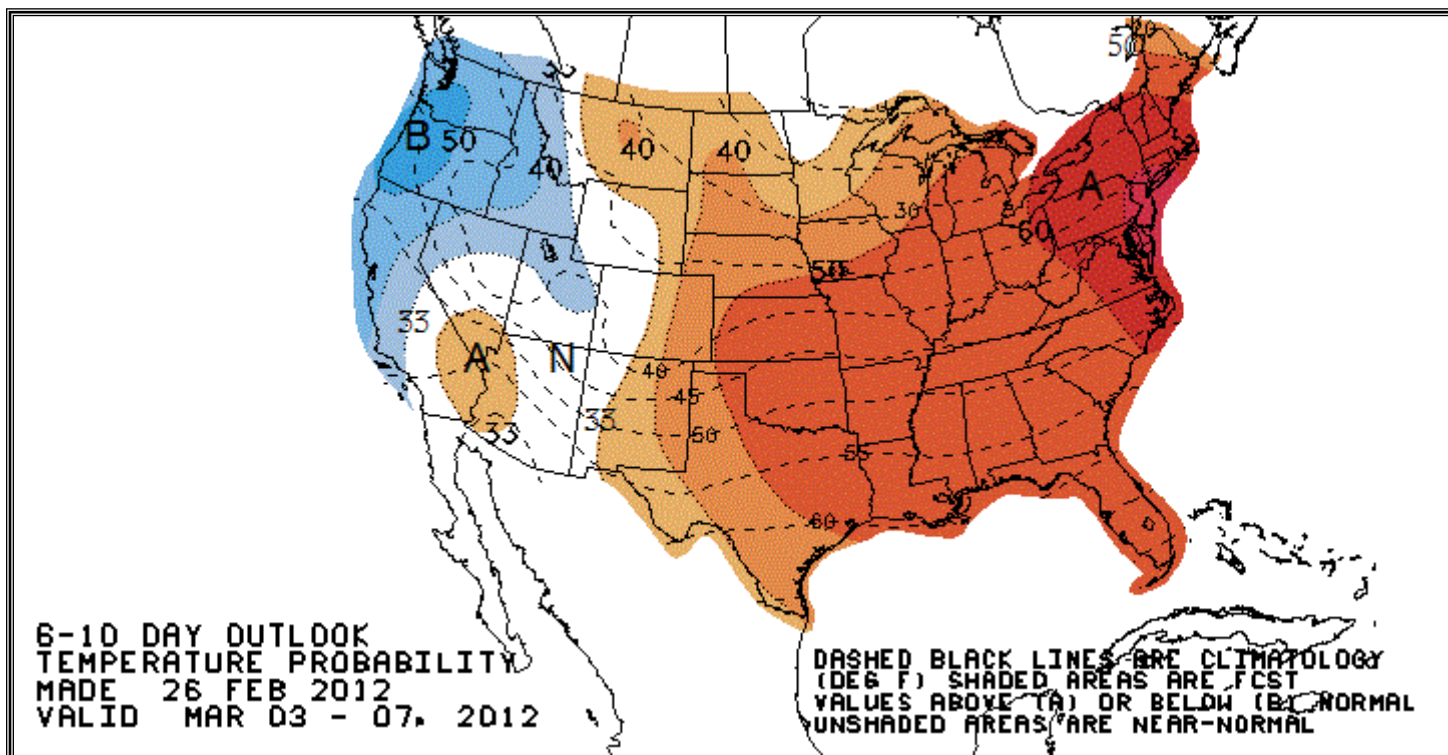
Nov

-214

-38.8

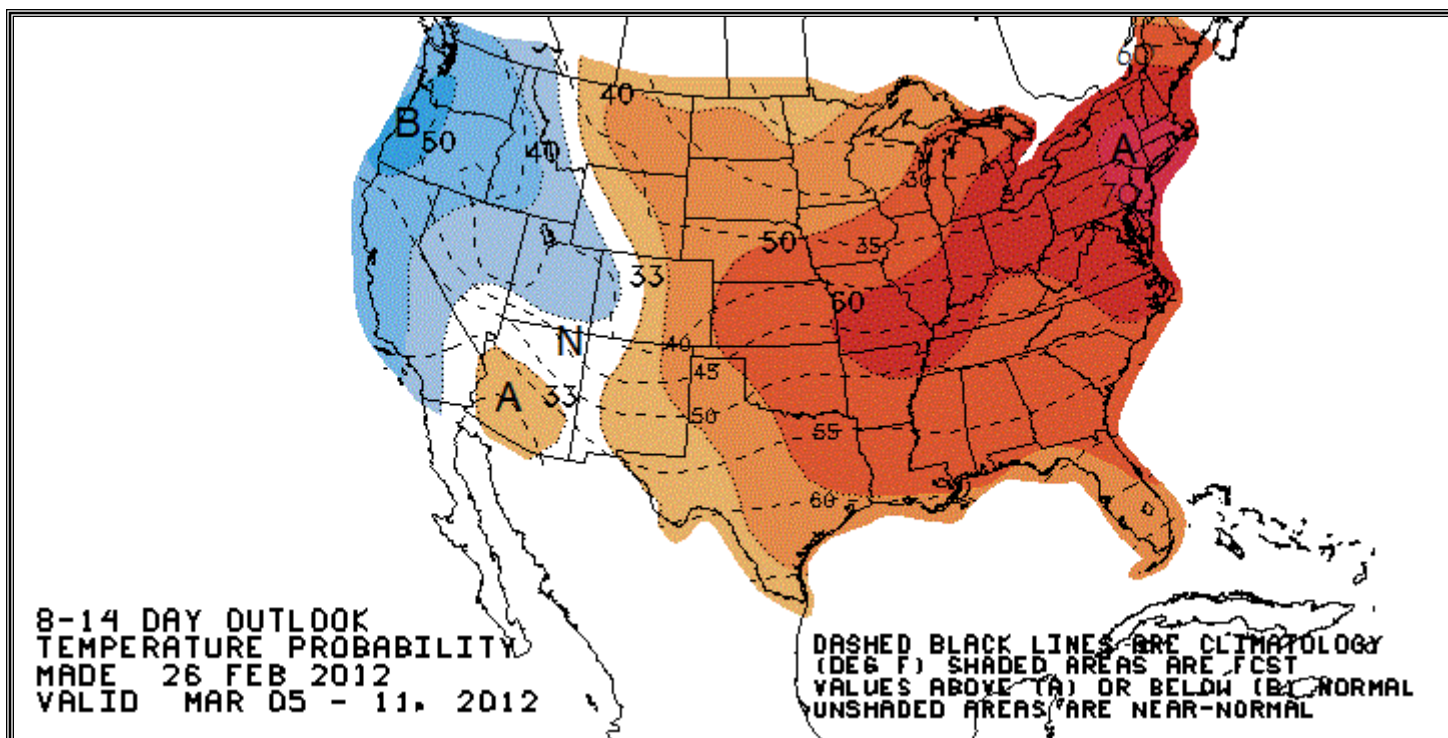
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

