

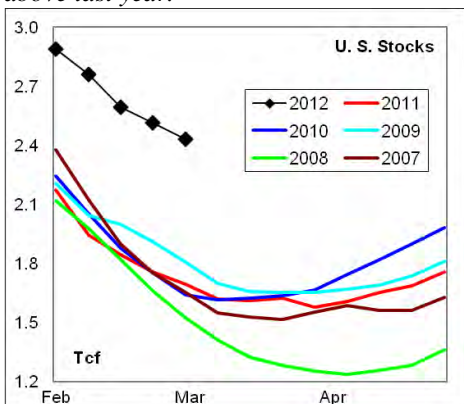
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

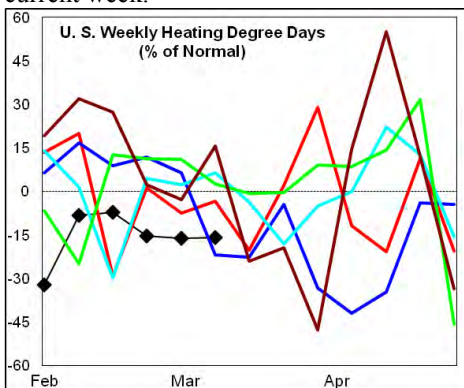
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, March 09, 2012



**Summary**<sup>1</sup> The stock draw of -80 Bcf for the week was at the low end of the historic range. *Stock levels ended the week +44% above last year.*



Heating degree days for the week ending 03Mar12 were -16% below normal and forecast to be -16% below normal for the current week.



In the East Region stocks decreased -60 Bcf for the week, comparable to the last 2-years. Stocks declined -13 Bcf in the West Region, a draw comparable to last year. The stock draw of -7 Bcf in the Producing Region was less than the mid range.

Heating degree days were -17% below normal in the East Region, +14% above normal in the West Region and -35% below normal in the Producing Region for the week ending 03Mar12.

**Heating degree days** were -16% below normal for the week ended 03Mar12, and forecast to be -16% below normal for the current week.

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

[Data Source is EIA Weekly Statistics](#)

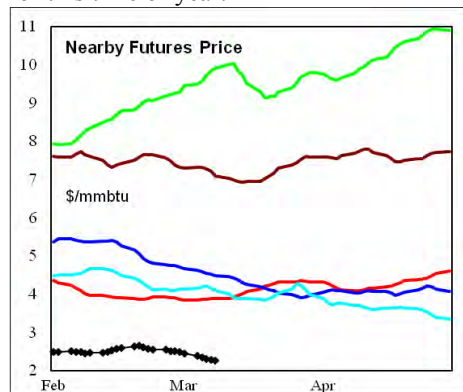
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 18Mar12 is for below normal heating degree days across nearly the entire country.

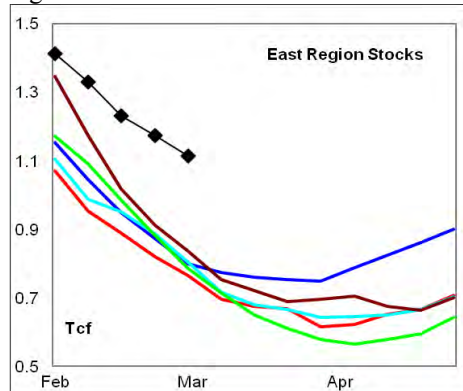
The 8-14 day NWS forecast for the week ending 22Mar12 is for below normal heating degree days across the country, except the west coast which will be cooler than normal.

**Prices:** Nearby gas futures prices decreased -\$0.21/mmbtu for the week ending 09Mar12. The current price is -\$1.50/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 traded sideways for the week ending 09Mar12 at a level below the last 2-years.

**East Region** stocks decreased -60 Bcf for the week, a level comparable to the last 2-years. The current stock level was +46% above last year, and above prior 5-year highs.

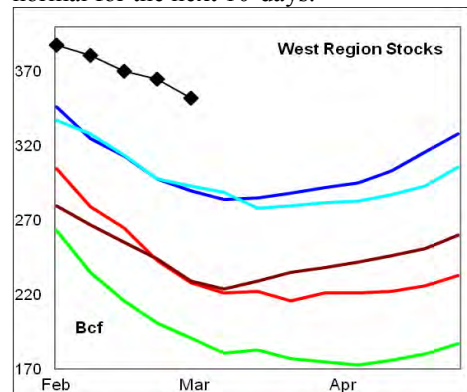


Heating degree days in the region were -17% below normal for the week ending 03Mar12, and forecast to be -15% below normal for the current week. Temperatures are forecast to be much above normal for the next 10-days.

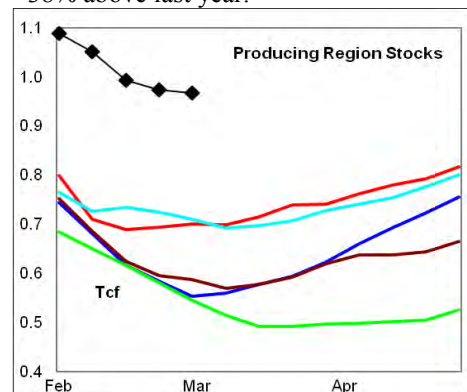
**West Region** stocks decreased -13 Bcf on the week, a draw comparable to last year. Stock levels ended the week +54% above last year and above the 5-year range. The latest 4-wk stock draw was a record low

for the period.

Heating degree days were +14% above normal for the week ending 03Mar12, and forecast to be -13% below normal for the current week. Temperatures are forecast to be above normal for the next 10-days.



**Producing Region** stocks experienced a draw of -7 Bcf on the week, a draw that was less than the mid range. The monthly stock draw was near mid range of the last 5-years. Stock levels ended the week +38% above last year.



Heating degree days were -35% below normal for the week ending 03Mar12, and forecast to be -25% below normal for the current week. Much above normal temperatures 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, with residual fuel demand -40% below last year.

**Outlook:** Stocks are +44% above a year ago. Production is being constrained in the Producing region with year-on-year stock levels up less than in any other regional market. Extremely mild temperatures are forecast through late March for nearly the entire country. There is risk prices will make new record lows ahead of the fall heating season.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: March 9, 2012

For the week ending: 2-Mar-12

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

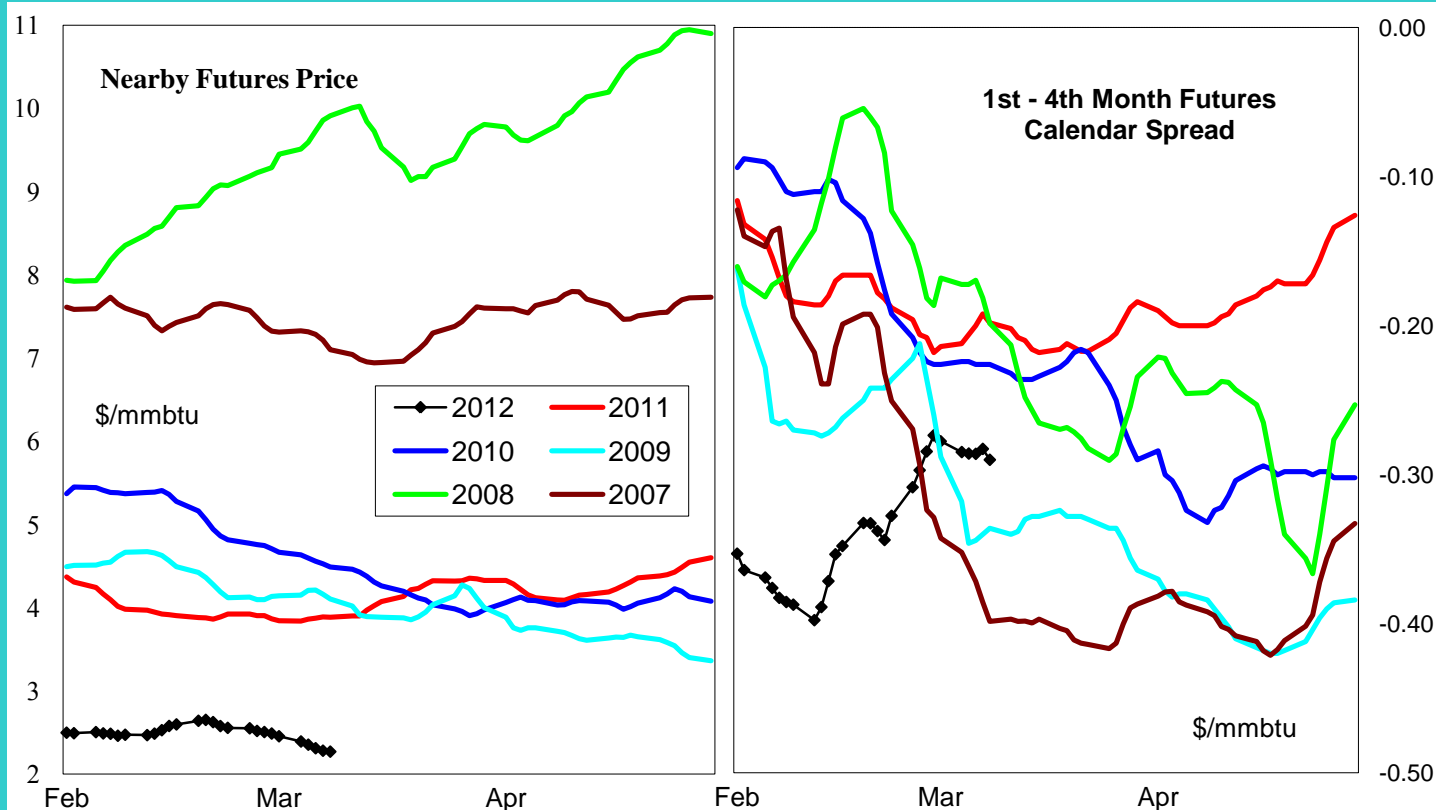
Week ending:	2-Mar-12			25-Feb-12		3-Mar-12		10-Mar-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,433	-80	43.6	-28	-15%	-13	-16%	-10	-16%
East	1,114	-60	45.6	-24	-16%	-16	-17%	-7	-15%
West	352	-13	54.4	-26	-7%	27	14%	-52	-13%
Producing	967	-7	37.9	-43	-21%	-24	-35%	4	-25%

### Seasonal Trends in Stocks and Heating Degree Days

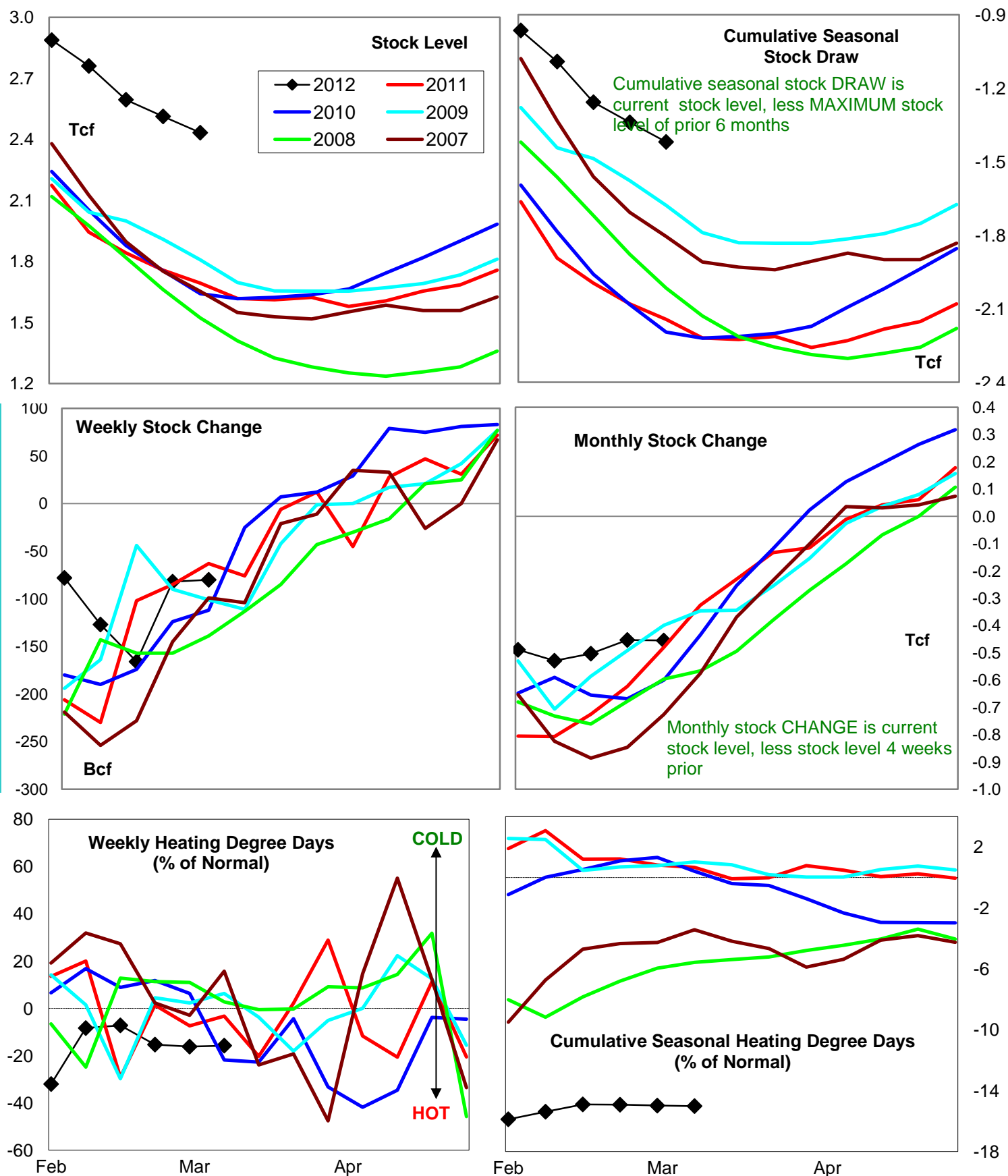
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,419</b>	<b>724</b>	<b>-51.0</b>	<b>167</b>	<b>-14.9</b>	<b>154</b>	<b>-15.0</b>	<b>144</b>	<b>-15.0</b>
<b>East</b>	<b>-977</b>	<b>345</b>	<b>-35.3</b>	<b>190</b>	<b>-15.8</b>	<b>174</b>	<b>-15.9</b>	<b>166</b>	<b>-15.8</b>
<b>West</b>	<b>-165</b>	<b>126</b>	<b>-76.4</b>	<b>162</b>	<b>-10.6</b>	<b>189</b>	<b>-9.6</b>	<b>138</b>	<b>-9.7</b>
<b>Producing</b>	<b>-294</b>	<b>257</b>	<b>-87.4</b>	<b>91</b>	<b>-13.6</b>	<b>68</b>	<b>-14.5</b>	<b>71</b>	<b>-14.9</b>

### Futures Market Price Trends

Date:	9-Mar-12	Change vs prior week, month, year		
		5-Mar-12	13-Feb-12	10-Mar-11
<b>1st month Futures</b>	<b>2.27</b>	<b>-0.09</b>	<b>-0.16</b>	<b>-1.97</b>
<b>% change</b>	<b>xxxxx</b>	<b>-3.6</b>	<b>-6.6</b>	<b>-46.5</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

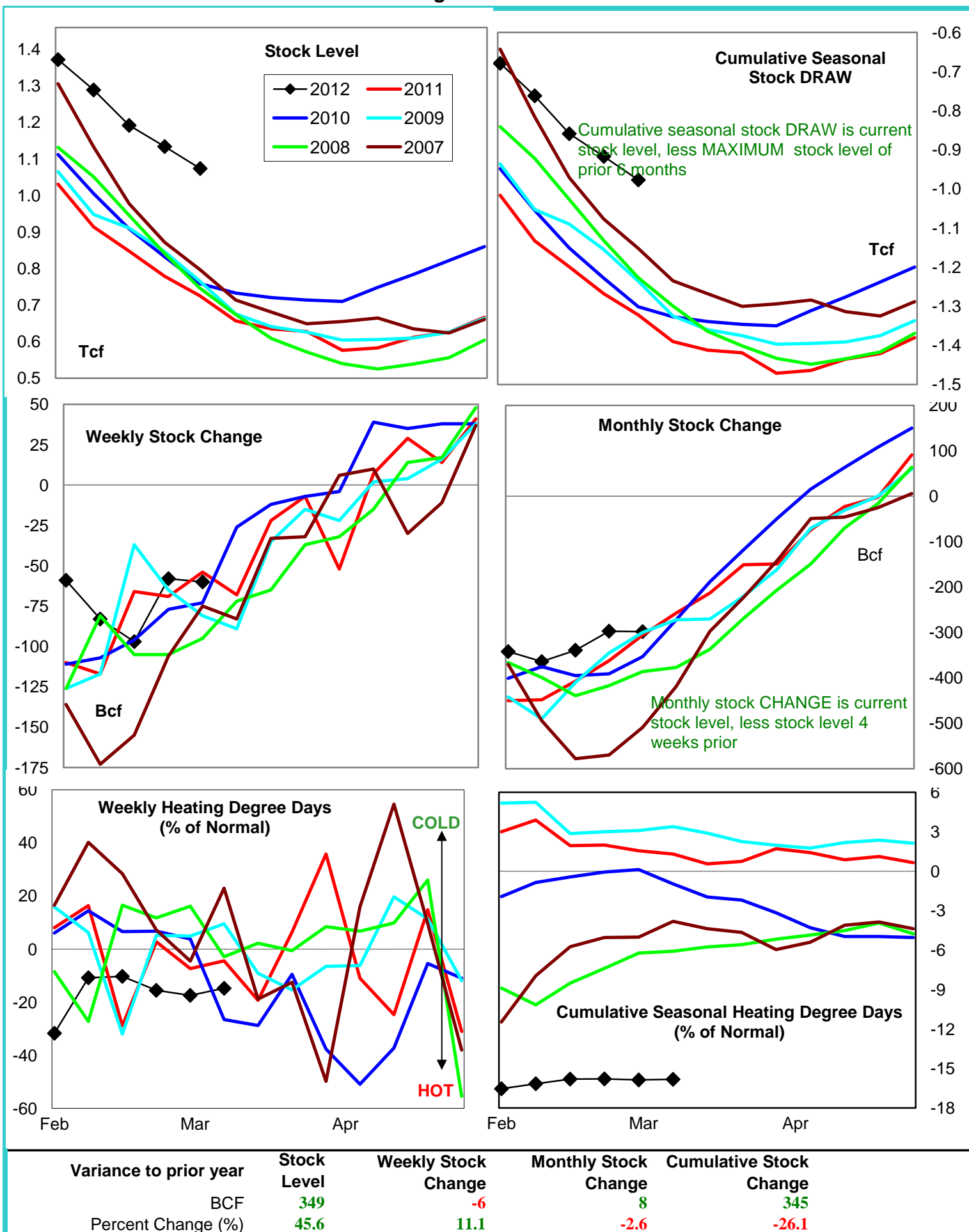
Weekly Stock Change

Monthly Stock Change

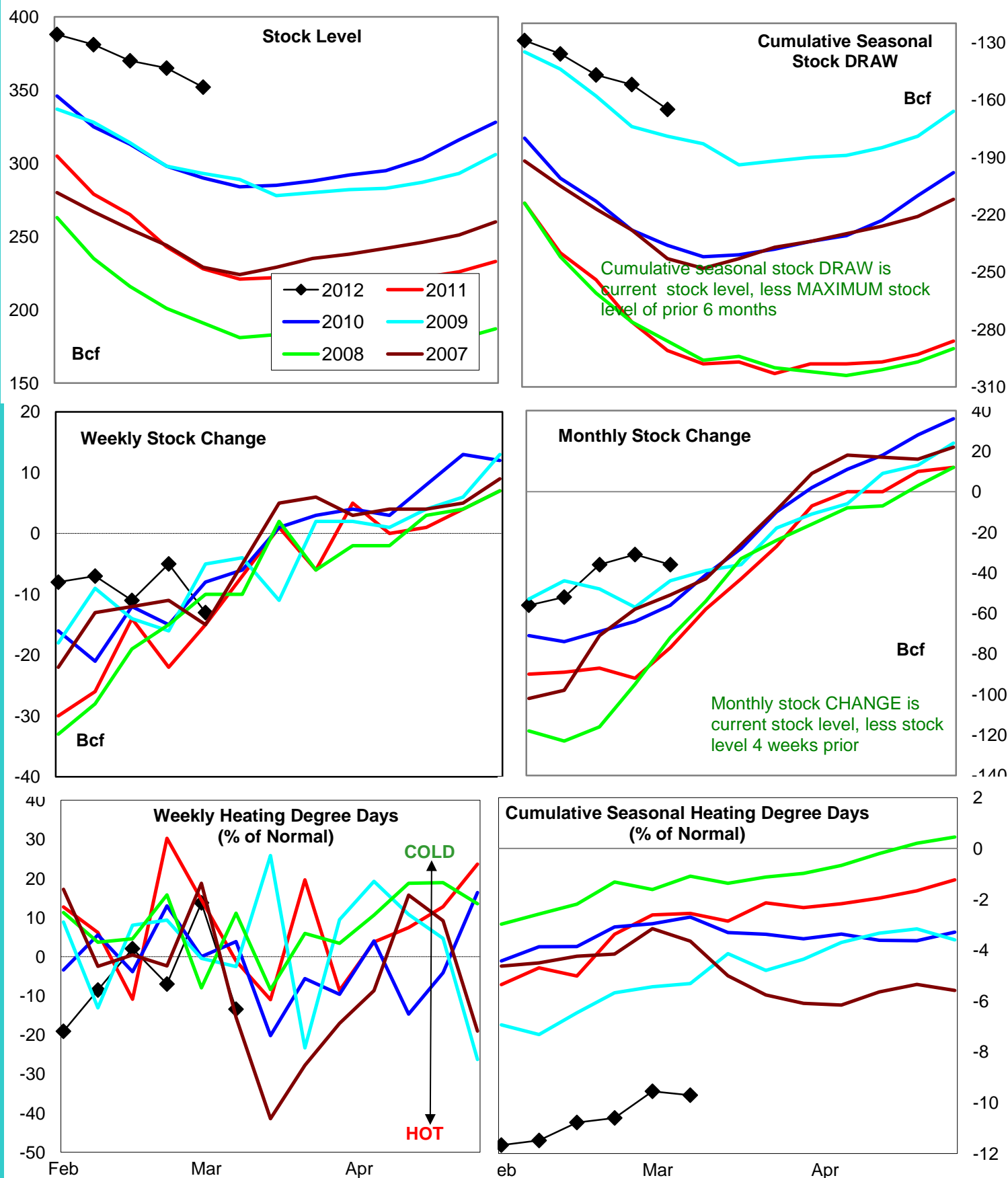
Cumulative Stock Change

BCF  
Percent Change (%)739  
43.6-17  
27.025  
-5.2724  
-33.8

# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends

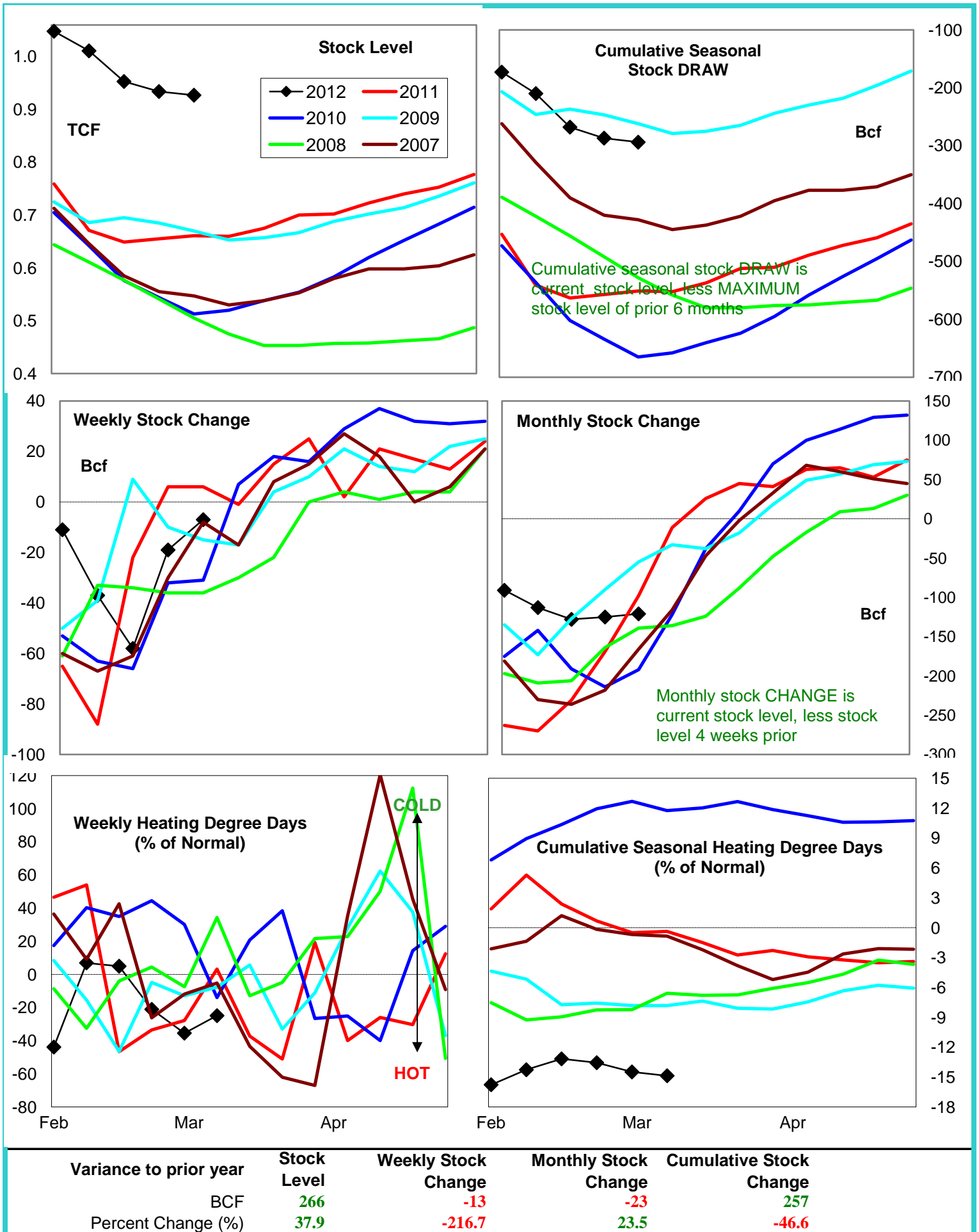


Variance to prior year

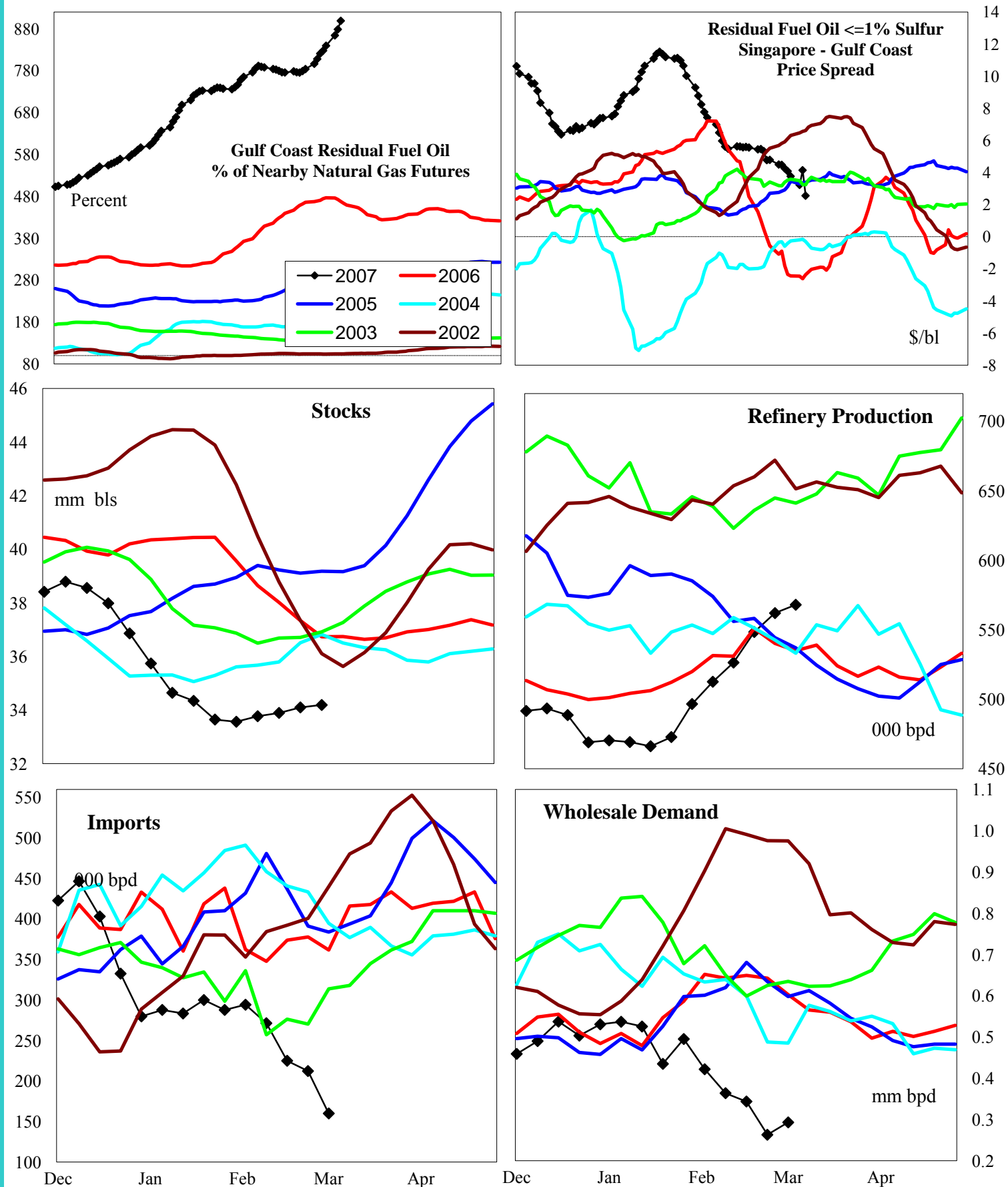
Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)124  
54.42  
-13.341  
-53.2126  
-43.3



# 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

-2,805

-7.6

Prod

7

1.3

Imports

-149

-42.3

Demd=>

4wk avg

-250

-40.4

Jan

-176

-28.3

Dec

8

1.5

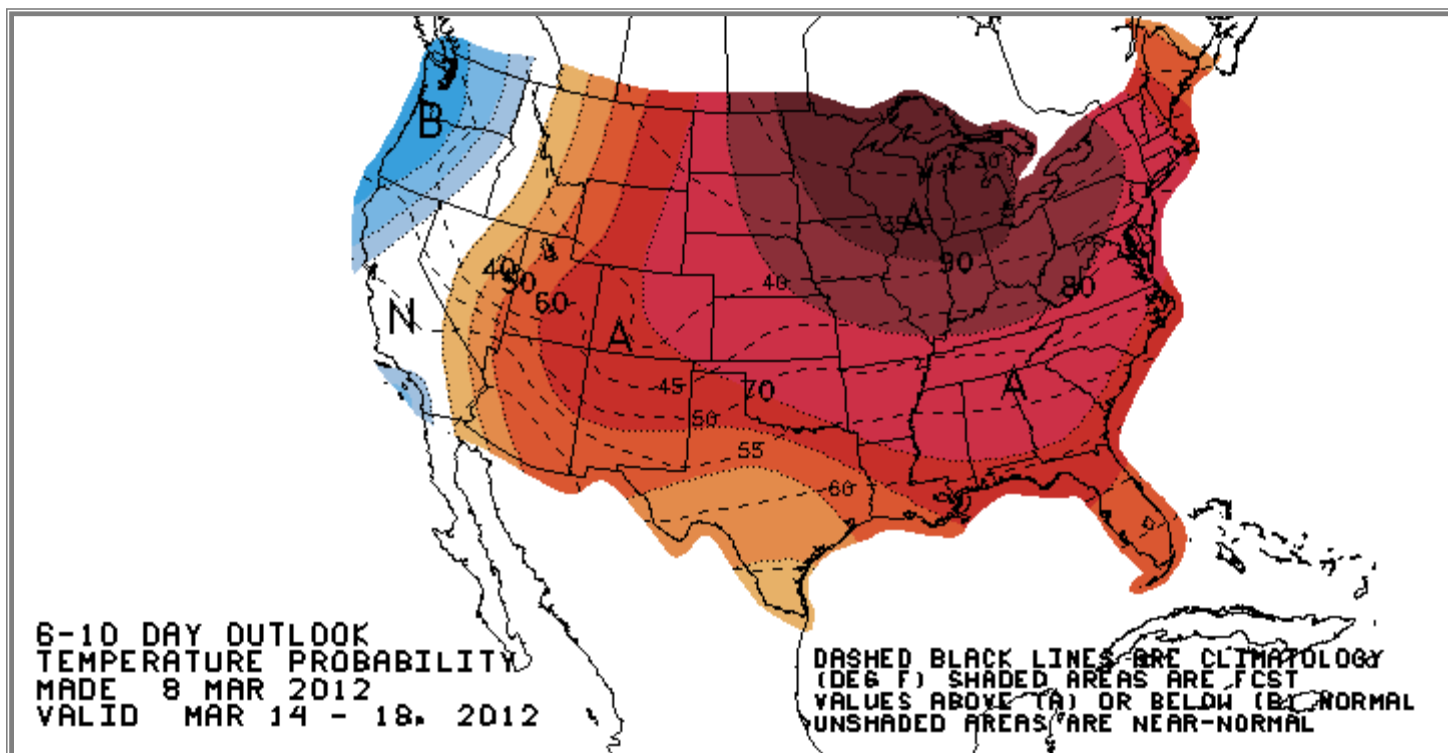
Nov

-214

-38.8

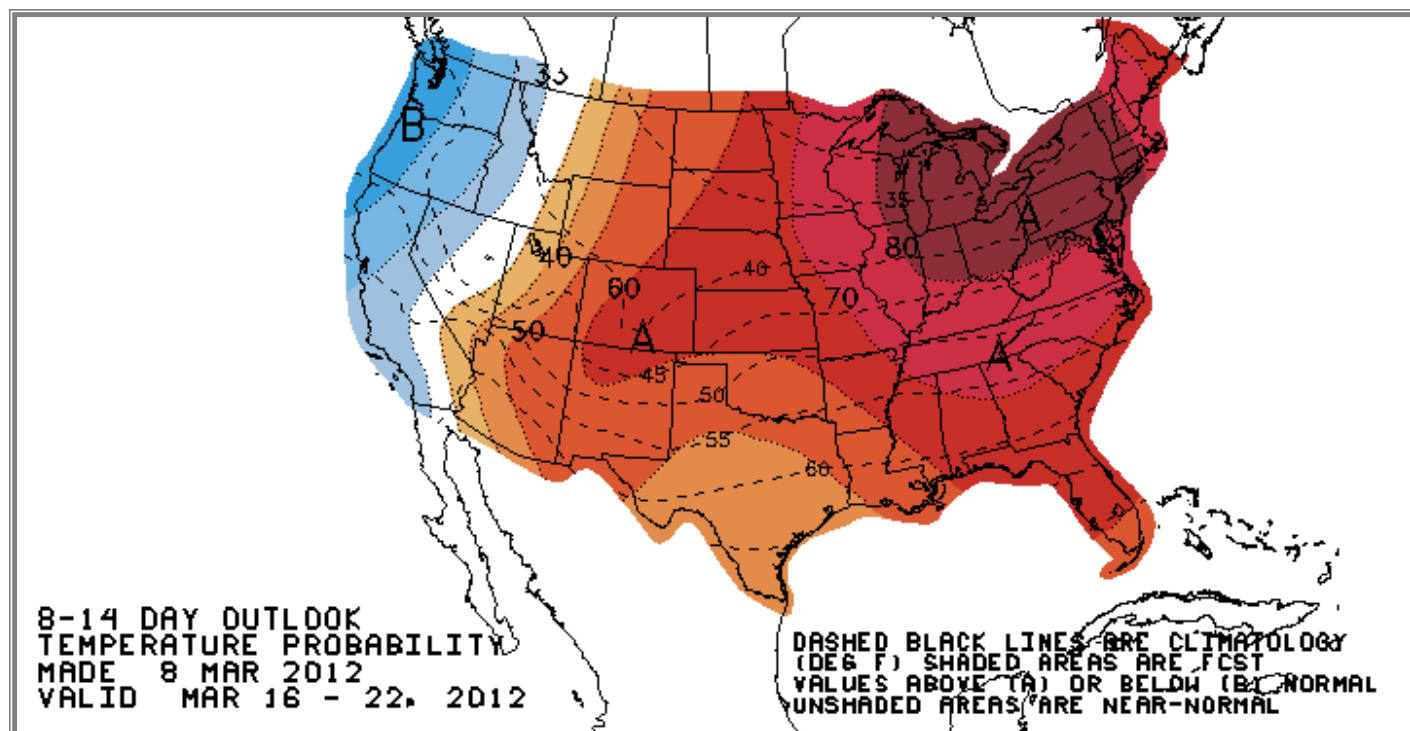
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

