



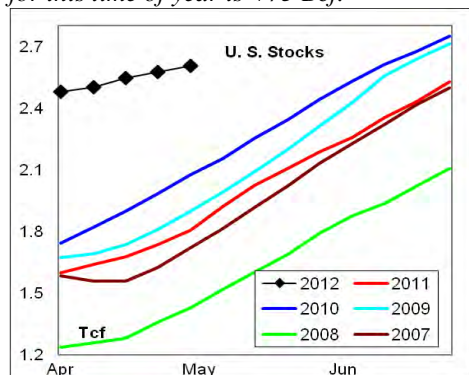
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

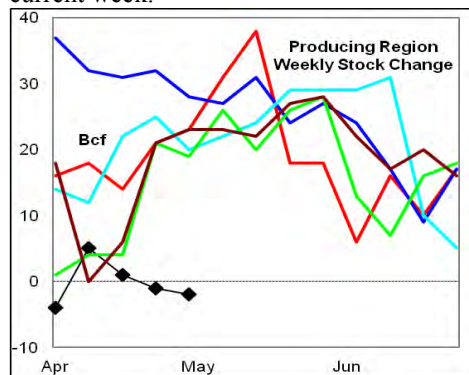
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, May 10, 2012



**Summary**<sup>1</sup> The stock build of +30 Bcf for the week was a record low build for the 2nd consecutive week. *The average build for this time of year is +75 Bcf.*



Heating degree days for the week ending 05May12 were -38% below normal and forecast to be -31% below normal for the current week.



In the East Region stocks increased +24 Bcf for the week, the 2nd consecutive weekly record low build. Stocks increased +8 Bcf in the West Region, a build that matched the 5-year low. The stock draw of -2 Bcf in the Producing Region 5th consecutive week of a lack of meaningful stock builds, compared to an average +25 Bcf build for this time of year.

Heating degree days were -37% above normal in the East Region, 23% below normal in the West Region and -88% below normal in the Producing Region for the week ending 05May12.

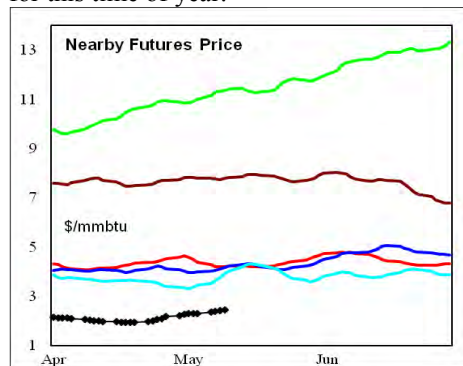
**Heating degree days** were -38% below normal for the week ended 05May12, and

forecast to be -31% below normal for the current week.

The 6-10 day NWS forecast for the week ending 19May12 is for cooler than normal temperatures in the southern 1/3rd of the country and warmer than normal across other regions.

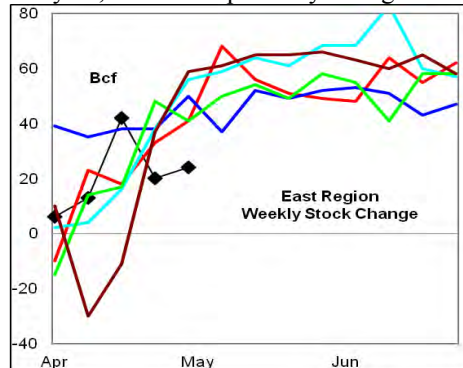
The 8-14 day NWS forecast for the week ending 23May12 is for warmer than normal temperatures across nearly all of the country, particularly in the Great Lakes and New England regions.

**Prices:** Nearby gas futures prices increased +\$0.11/mmbtu for the week ending 10May12. The current price is - \$1.75/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 higher for the week ending 10May12 (declining carry), ending at a level above four of the last 5-years.

**East Region** stocks increased +24 Bcf for the week, a record low build for the week. The current stock level was +62% above last year, and above prior 5-year highs.

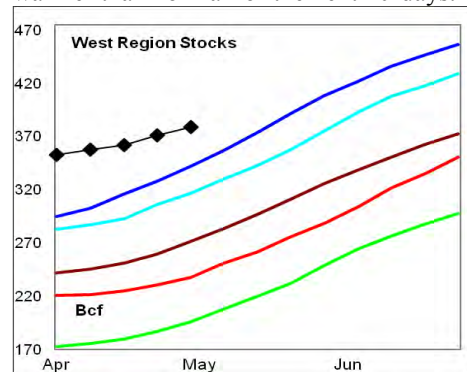


Heating degree days in the region were -37% above normal for the week ending 05May12, and forecast to be -29% below normal for the current week. Temperatures are forecast to be above normal in the Northeast and below normal in the Southeast for the next 10-days.

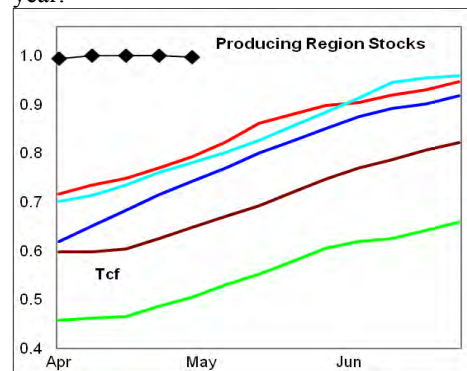
**West Region** stocks increased +8 Bcf on the week, a build that matched the 5-year lows. Stock levels ended the week +59%

above last year and above the 5-year range. The latest 4-wk stock build was below the mid range.

Heating degree days were -23% below normal for the week ending 05May12, and forecast to be -42% below normal for the current week. Temperatures are forecast to warmer than normal for the next 10-days.



**Producing Region** stocks experienced a draw of -2 Bcf on the week, the 5th consecutive week that stocks have not experienced a meaningful build, compared to an average build of +25 Bcf for this time of year. Unusually warm temperatures, substitution of gas for coal electric power generation and shut in of wells has prevented seasonal stock builds. Stock levels ended the week +25% above last year.



Heating degree days were -88% below normal for the week ending 05May12, and forecast to be -36% below normal for the current week. Below 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 -5% below last year.

**Outlook:** Gas substitution for coal to generate electricity, unusually warm temperatures and shut in of wells due to low prices have limited seasonal stock building. Look for modest strength in gas prices to continue.

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

[Data Source is EIA Weekly Statistics](#)

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

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



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: May 10, 2012

For the week ending: 4-May-12

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

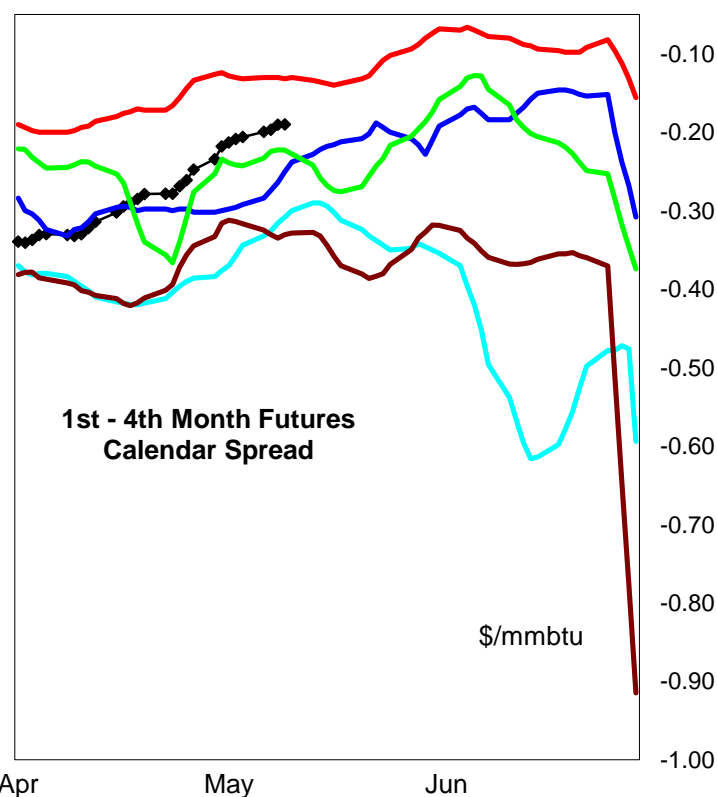
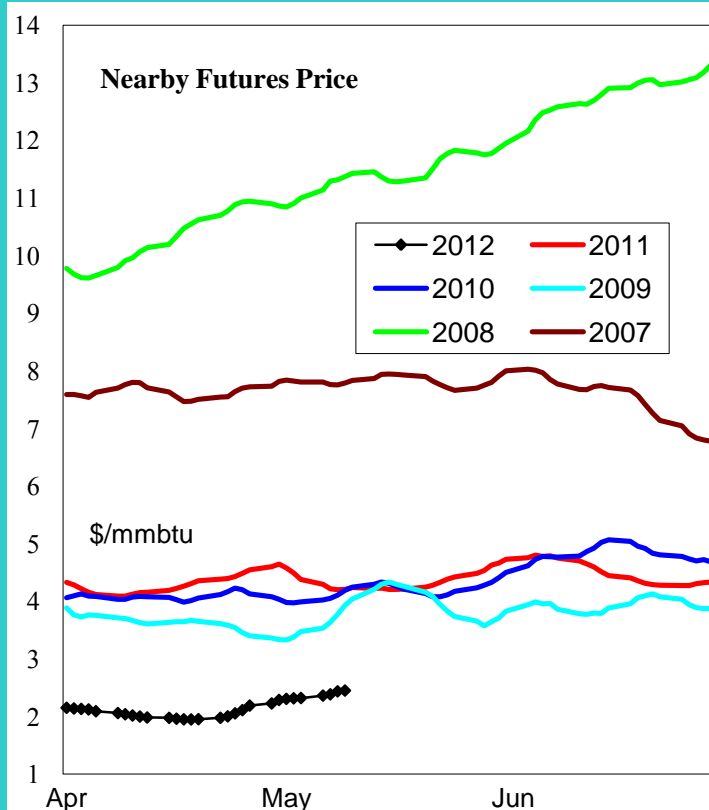
Week ending:	4-May-12			28-Apr-12		5-May-12		12-May-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,606	30	44.2	31	17%	-47	-38%	-3	-31%
East	1,189	24	61.5	52	30%	-65	-37%	-3	-29%
West	379	8	59.2	-26	-34%	2	-23%	-20	-42%
Producing	1,038	-2	24.6	-10	-30%	-15	-88%	6	-36%

### Seasonal Trends in Stocks and Heating Degree Days

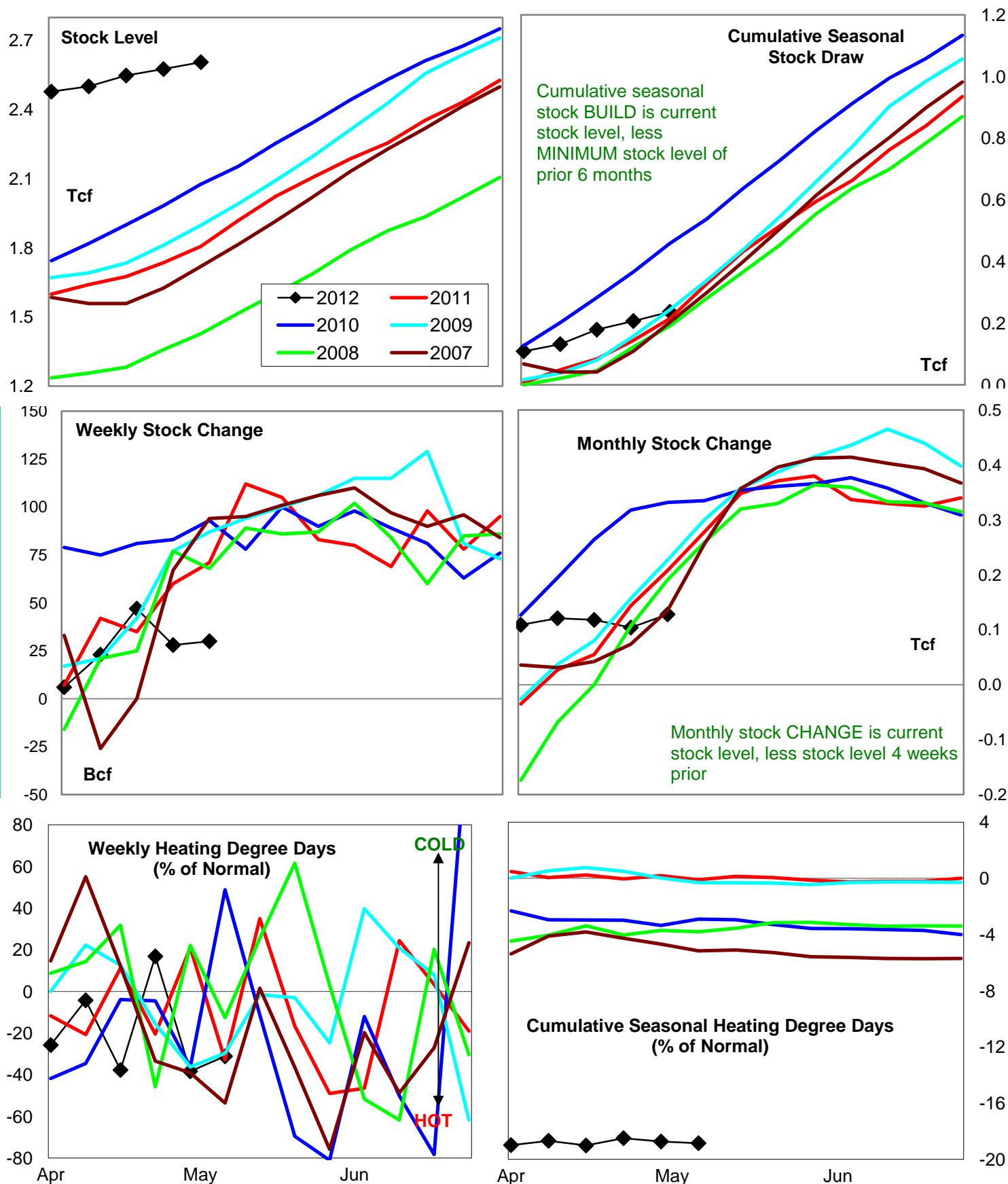
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>237</b>	<b>22</b>	<b>9.3</b>	<b>84</b>	<b>-18.5</b>	<b>37</b>	<b>-18.7</b>	<b>34</b>	<b>-18.9</b>
<b>East</b>	<b>140</b>	<b>25</b>	<b>17.9</b>	<b>108</b>	<b>-19.4</b>	<b>43</b>	<b>-19.6</b>	<b>40</b>	<b>-19.7</b>
<b>West</b>	<b>35</b>	<b>15</b>	<b>42.9</b>	<b>56</b>	<b>-11.1</b>	<b>58</b>	<b>-11.3</b>	<b>38</b>	<b>-11.7</b>
<b>Producing</b>	<b>73</b>	<b>-71</b>	<b>-97.3</b>	<b>17</b>	<b>-19.8</b>	<b>2</b>	<b>-20.2</b>	<b>9</b>	<b>-20.3</b>

### Futures Market Price Trends

Date:	10-May-12	Change vs prior week, month, year		
		4-May-12	13-Apr-12	12-May-11
<b>1st month Futures</b>	<b>2.45</b>	<b>0.17</b>	<b>0.47</b>	<b>-1.93</b>
<b>% change</b>	xxxxx	<b>7.5</b>	<b>23.7</b>	<b>-44.1</b>



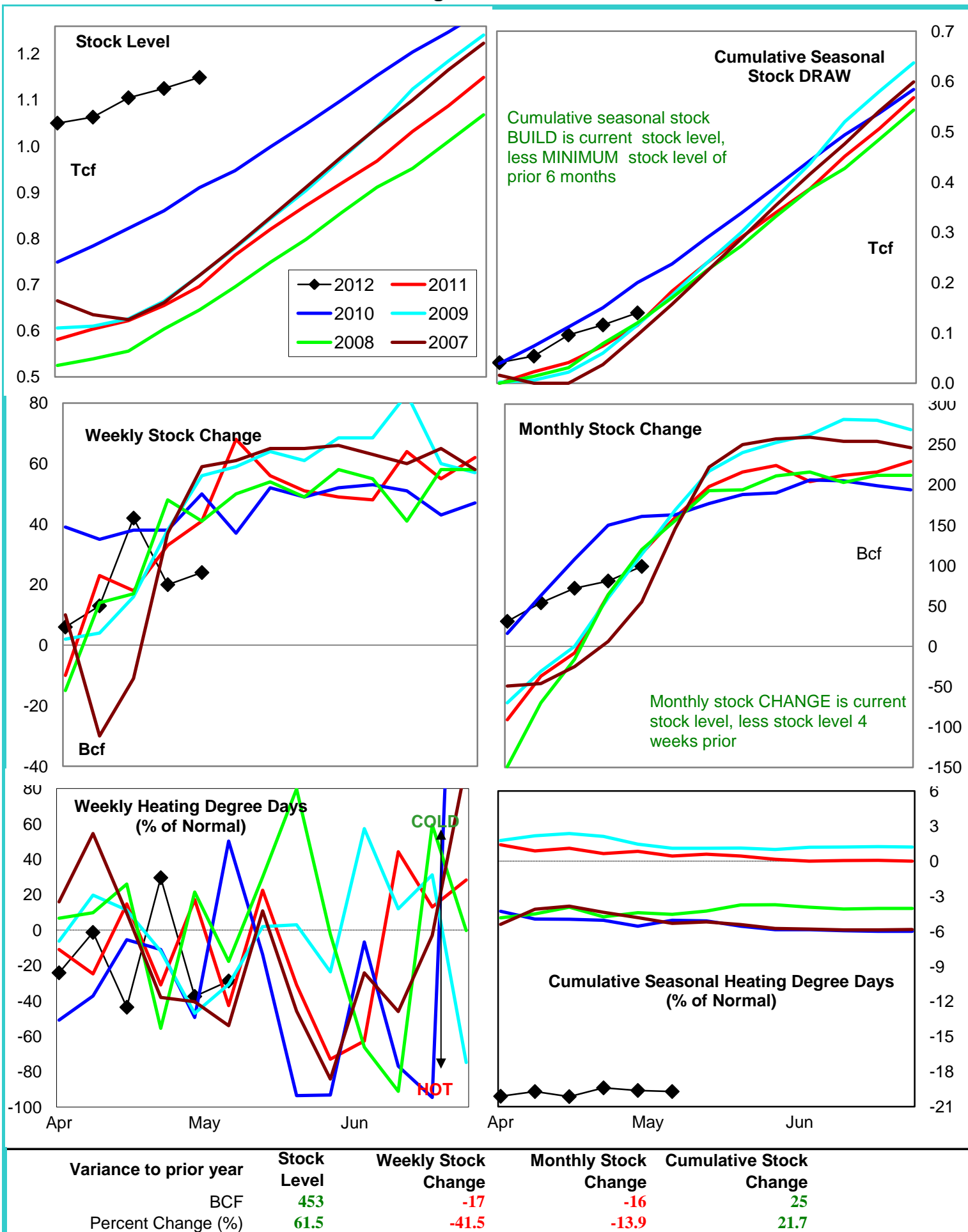
# United States Natural Gas Stock and Weather Trends



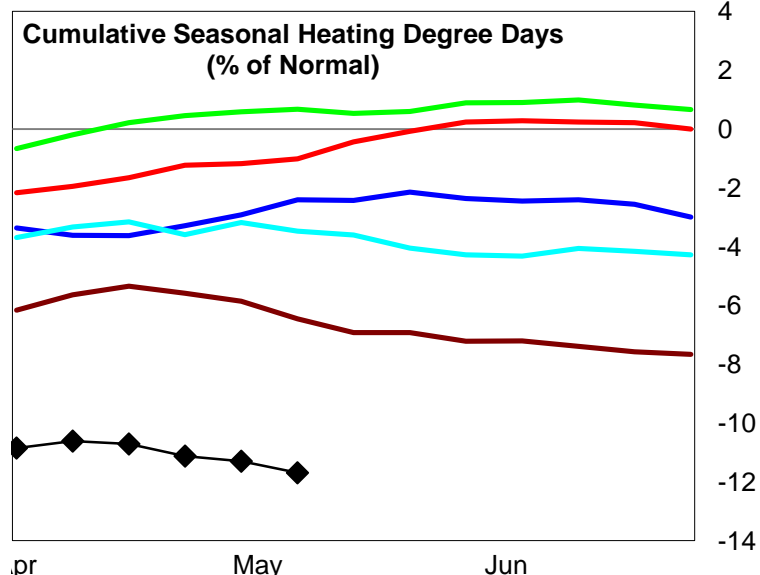
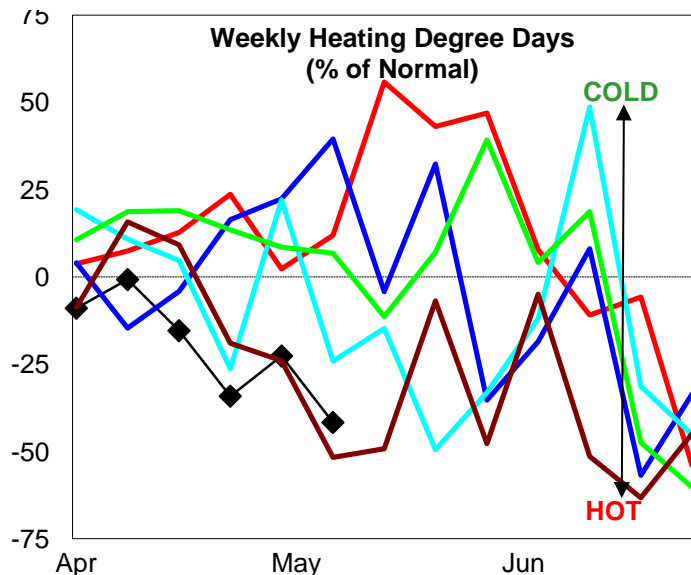
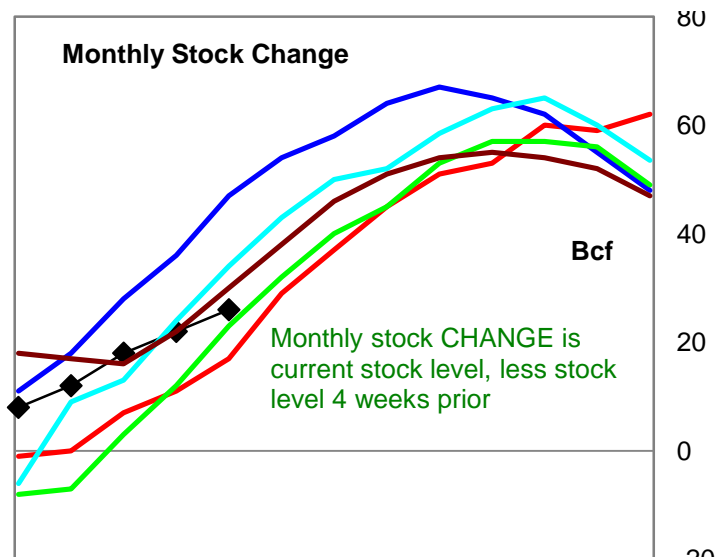
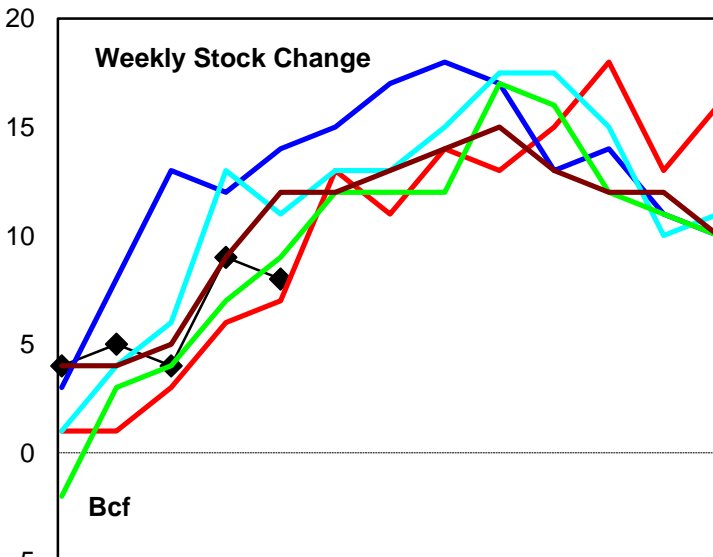
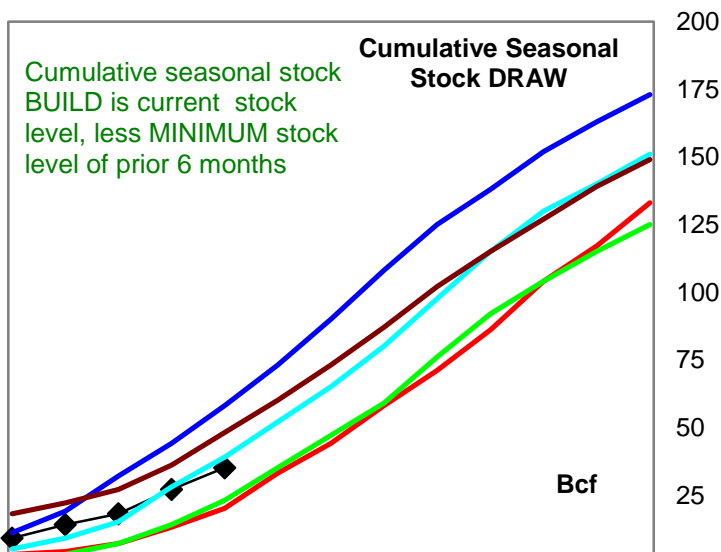
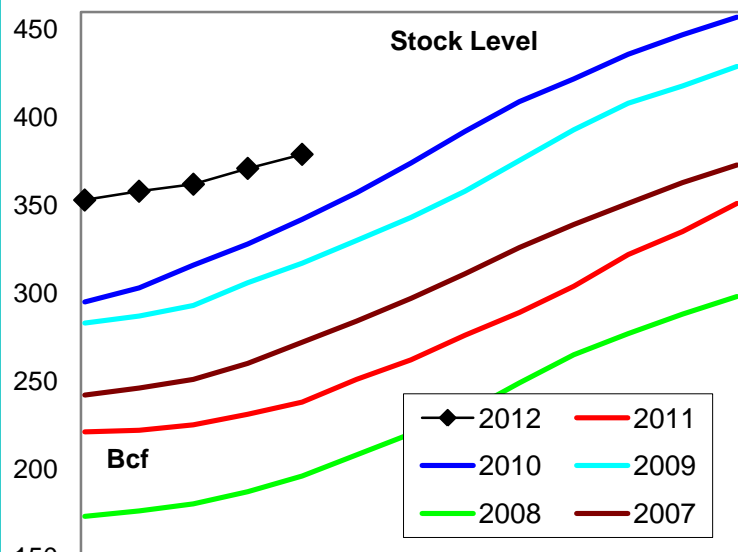
Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)799  
44.2-41  
-57.7-80  
-38.522  
10.2

# 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  
Percent Change (%)

141  
59.2

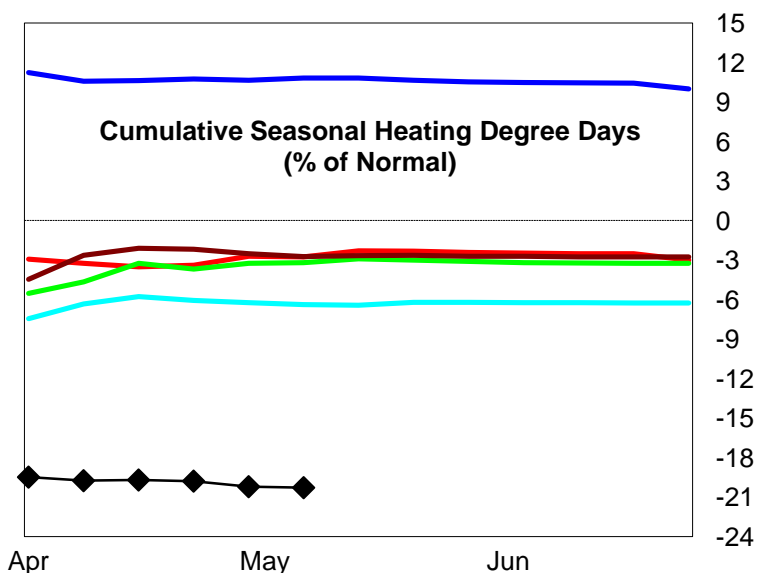
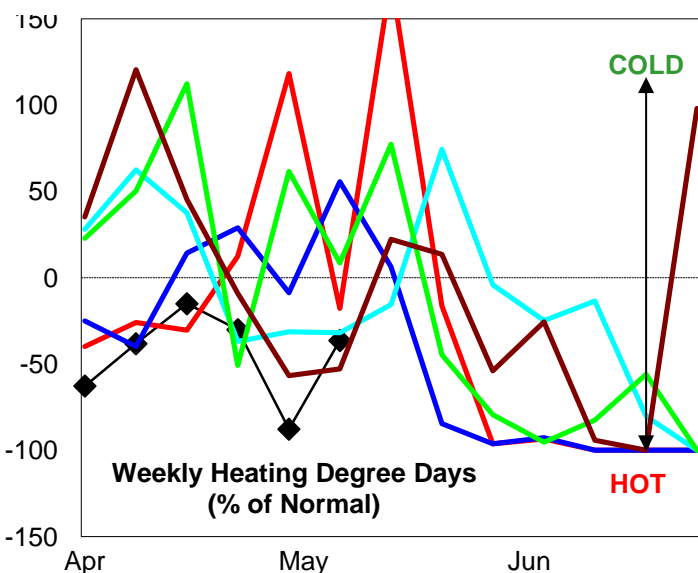
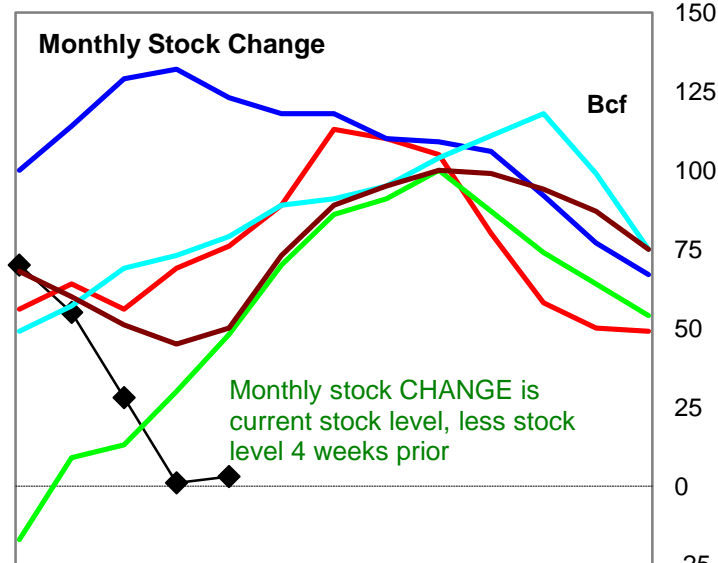
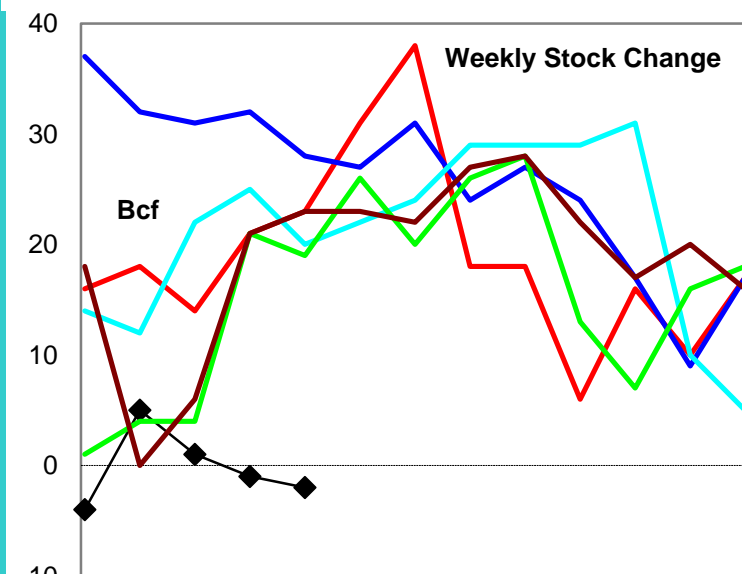
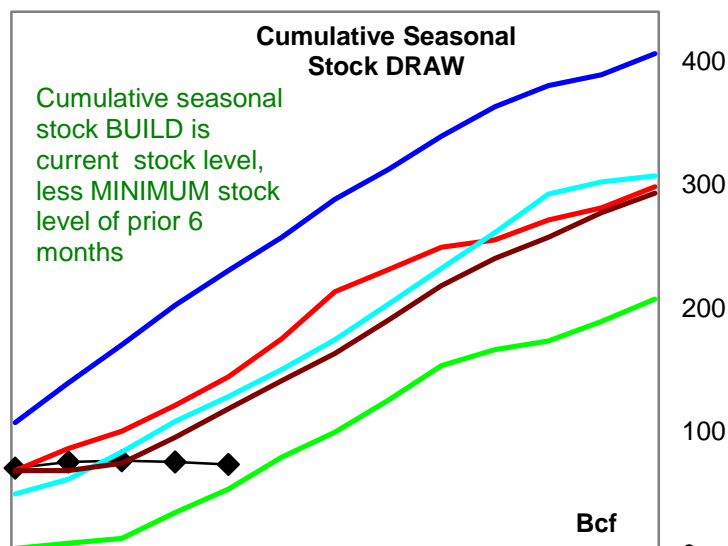
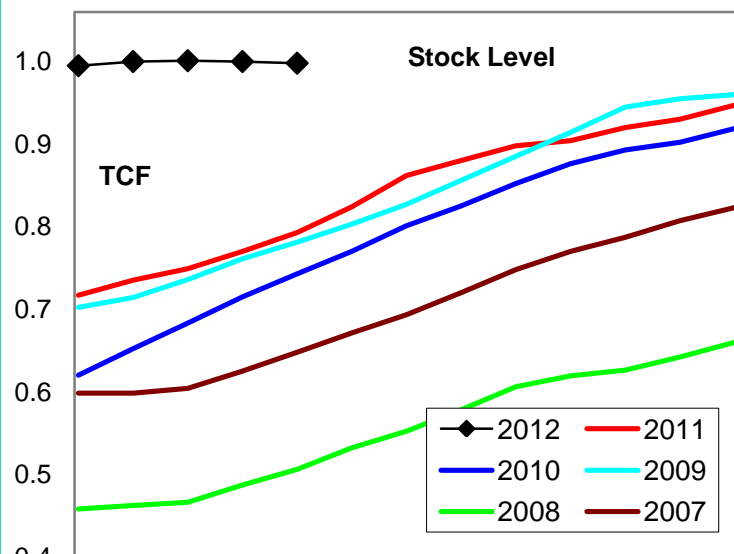
1  
14.3

9  
52.9

15  
75.0



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

205

-25

-73

-71

Percent Change (%)

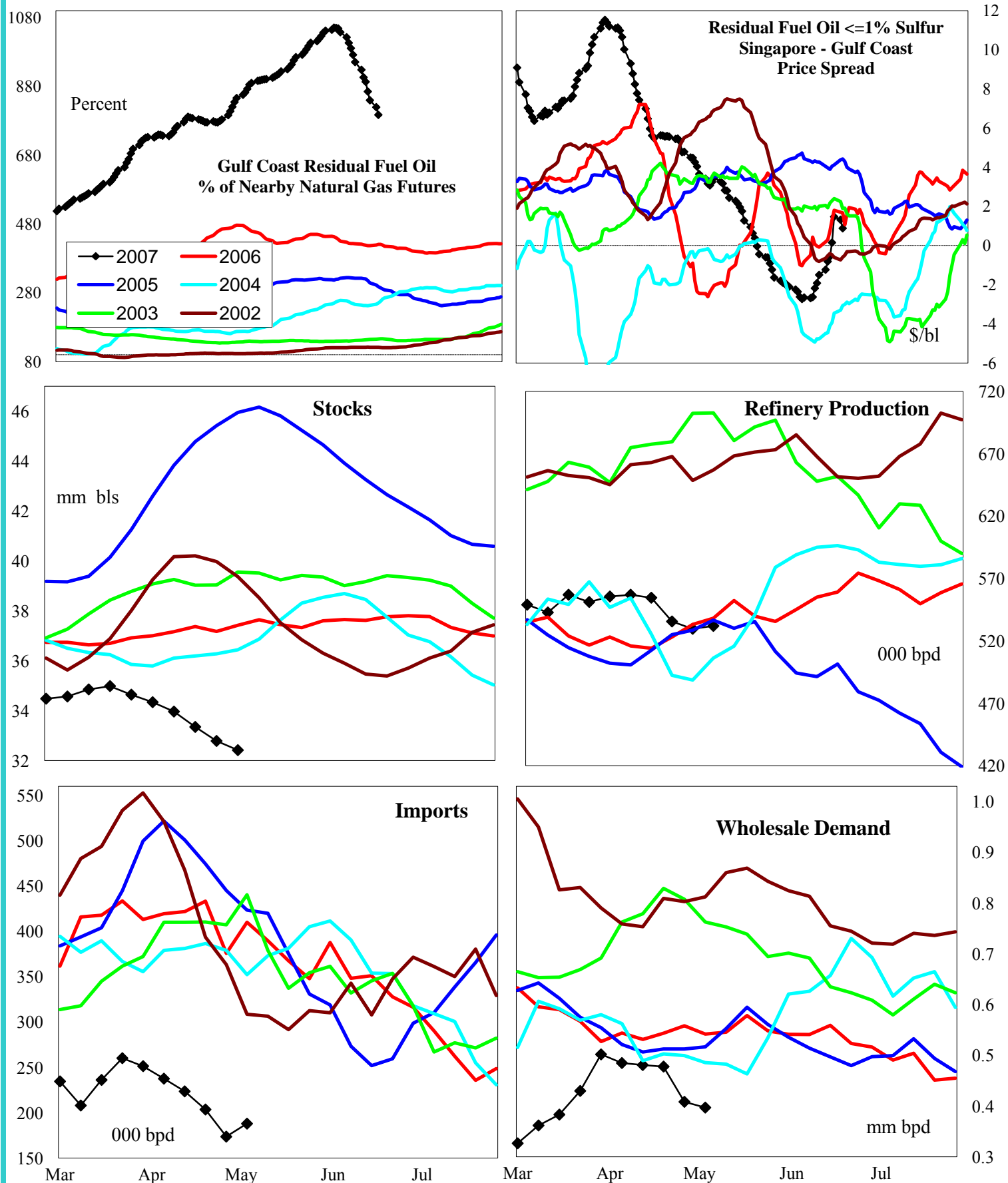
24.6

-108.7

-96.1

-49.3

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-5,158

-13.7

Prod

4

0.7

Imports

-234

-55.9

Demd=>

4wk avg

-95

-18.1

Mar

-179

-32.7

Feb

-258

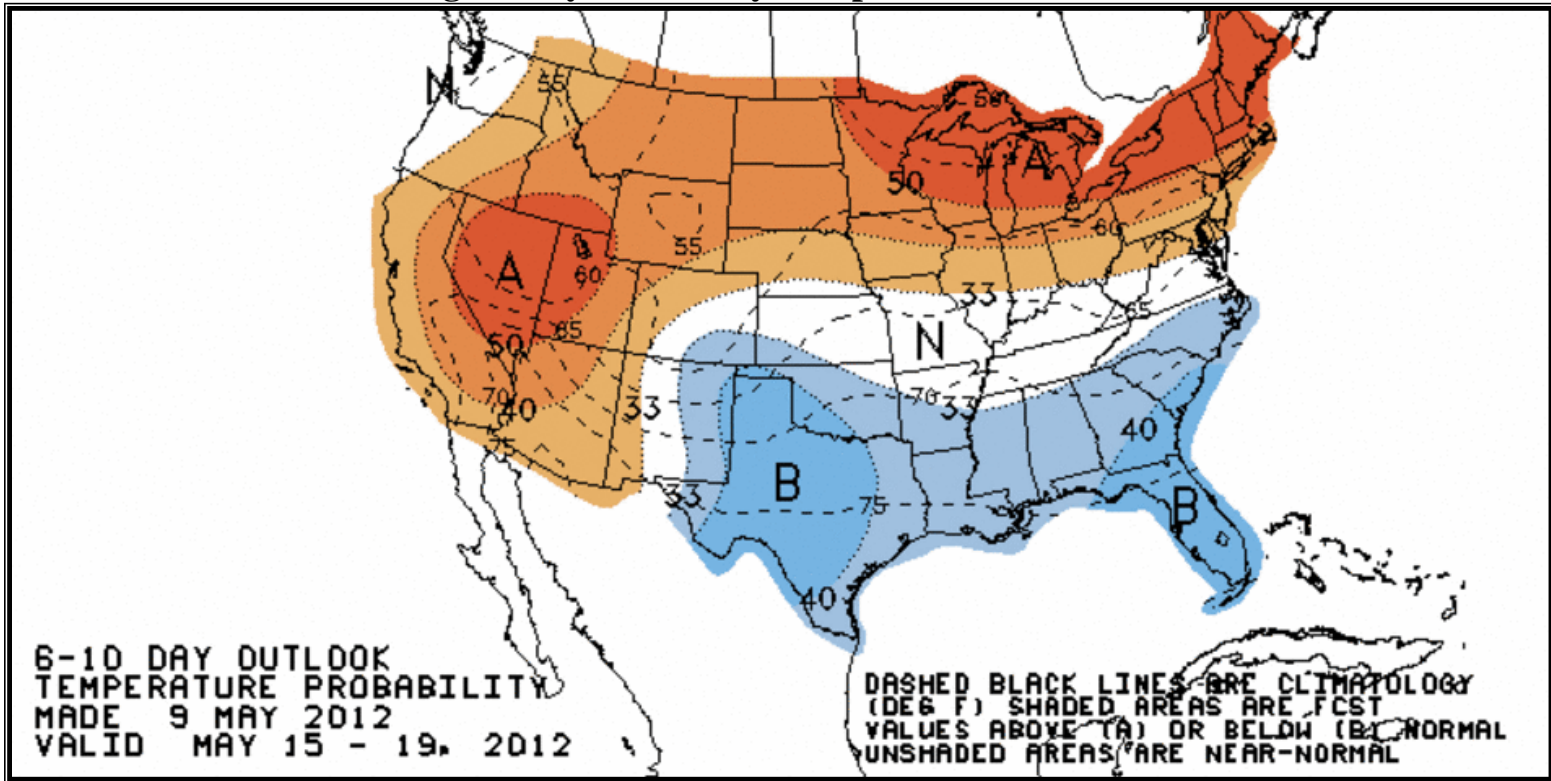
-41.1

Jan

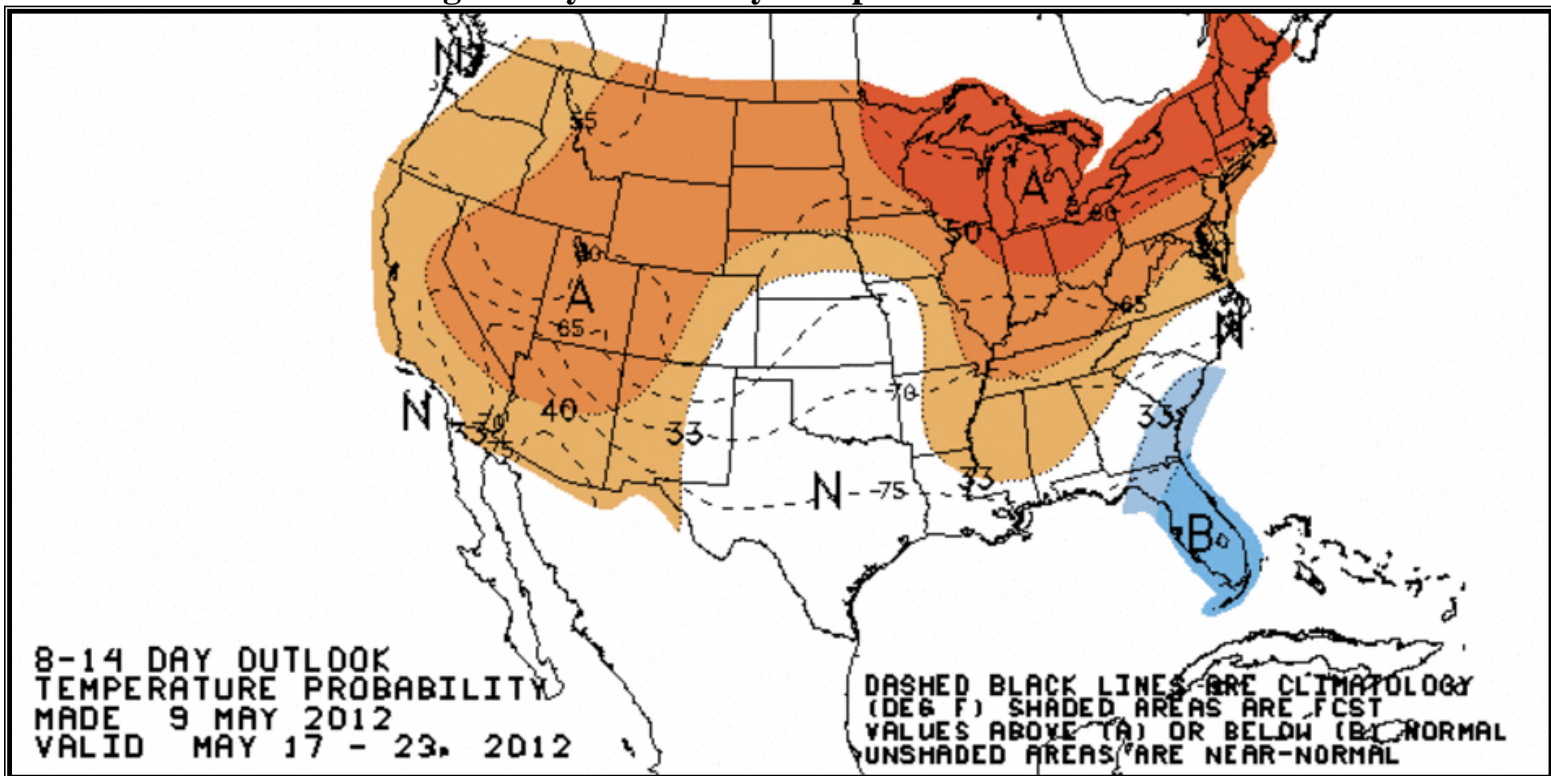
-203

-32.6

### 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

