



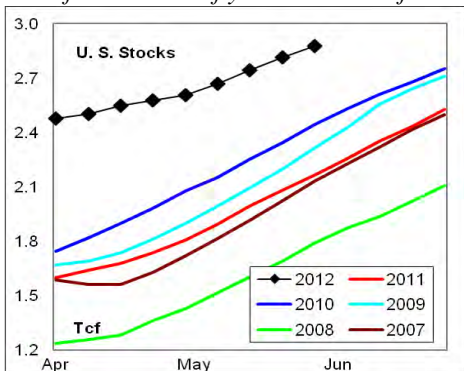
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

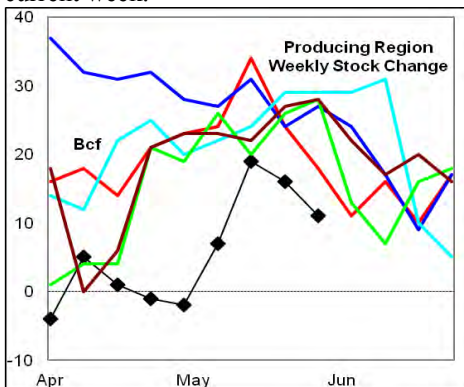
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, June 08, 2012



**Summary**<sup>1</sup> The stock build of +62 Bcf for the week was below the 5-year range for the 6th consecutive week. The average build for this time of year is +102 Bcf.



Heating degree days for the week ending 02Jun12 were -27% below normal and forecast to be -33% below normal for the current week.



In the East Region stocks increased +38 Bcf for the week, a build slightly below the 5-year range. Stocks increased +13 Bcf in the West Region, a build at the low end of the 5-year range. The stock build of +11 Bcf in the Producing Region was below the 5-year range.

Heating degree days were -31% below normal in the East Region, -12% below normal in the West Region and -10% below normal in the Producing Region for the week ending 02Jun12.

**Heating degree days** were -27% below normal for the week ended 02Jun12, and forecast to be -33% below normal for the current week.

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

[Data Source is EIA Weekly Statistics](#)

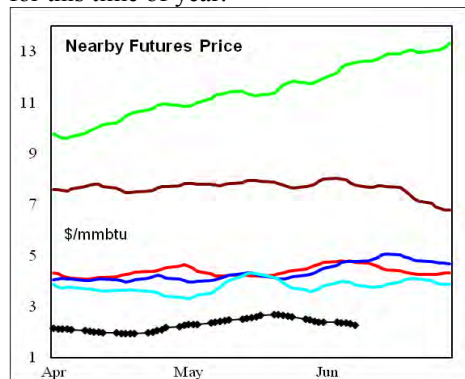
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 17Jun12 is for warmer than normal temperatures in the central and northeast regions of the country.

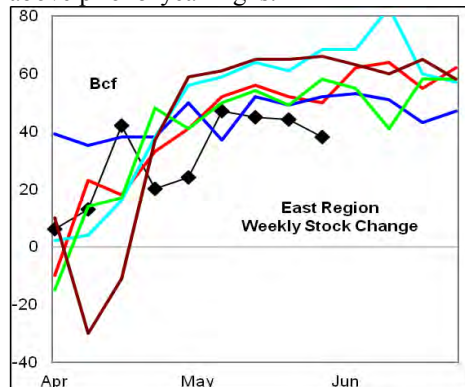
The 8-14 day NWS forecast for the week ending 20Jun12 is for warmer than normal temperatures in the eastern 2/3rds of the country.

**Prices:** Nearby gas futures prices decreased -\$0.05/mmbtu for the week ending 08Jun12. The current price is -\$1.58/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 declined for the week ending 08Jun12 (increasing carry), ending at a level which was below the 5-year mid range.

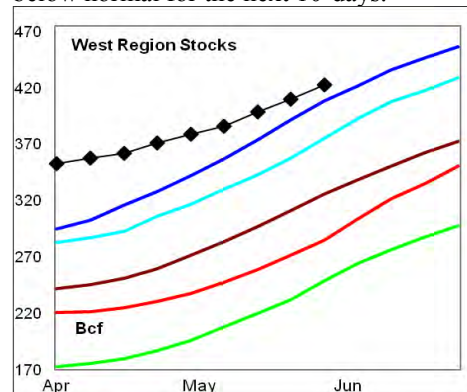
**East Region** stocks increased +38 Bcf for the week, a build slightly below the historic range for the week. The current stock level was +44% above last year, and above prior 5-year highs.



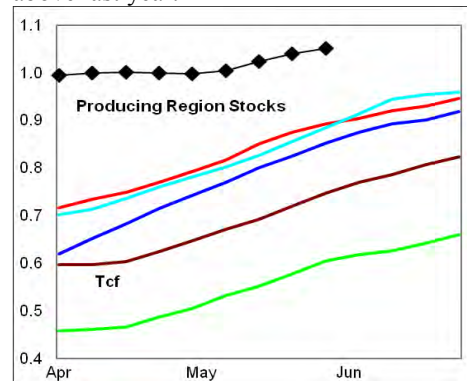
Heating degree days in the region were -31% below normal for the week ending 02Jun12, and forecast to be -19% below normal for the current week. Temperatures are forecast to be above normal in the region for the next 10-days.

**West Region** stocks increased +13 Bcf on the week, a build below the 5-year range. Stock levels ended the week +48% above last year and above the 5-year range. The latest 4-wk stock build was below the 5-year range.

Heating degree days were -12% below normal for the week ending 08Jun12, and forecast to be -70% below normal for the current week. Temperatures are forecast to be below normal for the next 10-days.



**Producing Region** stocks experienced a build of +11 Bcf on the week, a build below the 5-year range. Unusually warm temperatures, substitution of gas for coal electric power generation and shut in of wells has prevented normal seasonal stock builds. Stock levels ended the week +17% above last year.



Heating degree days were -10% below normal for the week ending 08Jun12, and forecast to be -95% below normal for the current week. 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 -33% below last year.

**Outlook:** The rate of stock building was -24% below last year and below the 5-year range for the most recent 4-wk period. High electric power demand, shut in of wells due to low prices and expected limits on storage capacity underlies the low stock build rate. The global economic slow down and excess production capacity offset the low stock build rate; and continue to depress prices..



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: June 8, 2012

For the week ending: 1-Jun-12

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

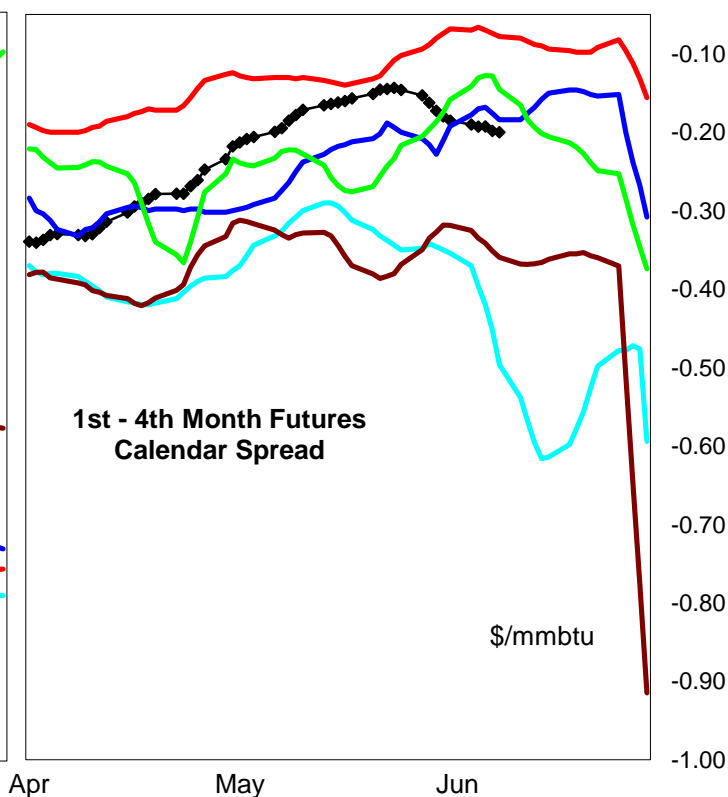
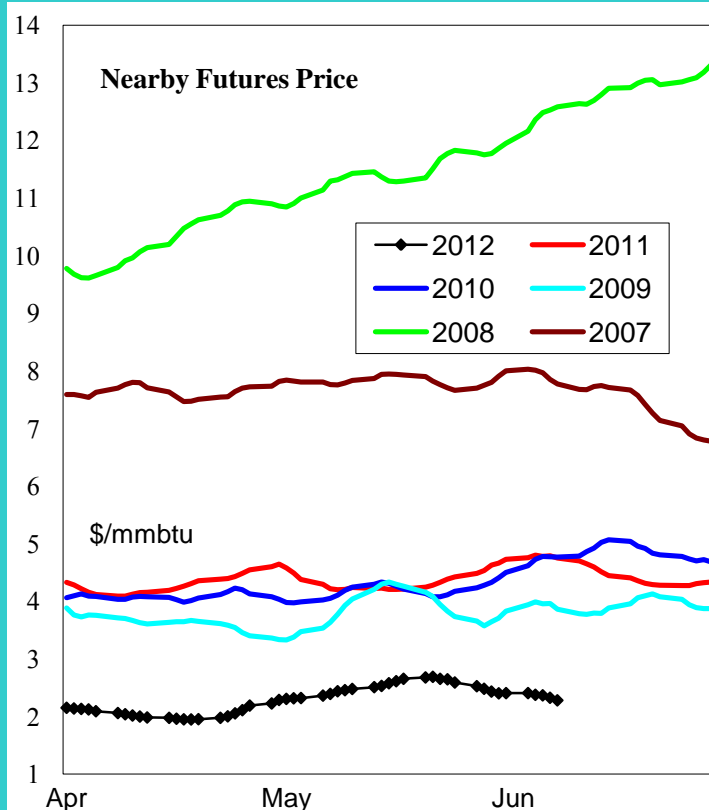
Week ending:	1-Jun-12			26-May-12		2-Jun-12		9-Jun-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,877	62	32.9	-9	-62%	5	-27%	-6	-33%
East	1,363	38	44.1	-14	-73%	7	-31%	-3	-19%
West	423	13	48.4	14	-14%	-7	-12%	-23	-70%
Producing	1,091	11	16.9	-3	-75%	2	-10%	-3	-95%

### Seasonal Trends in Stocks and Heating Degree Days

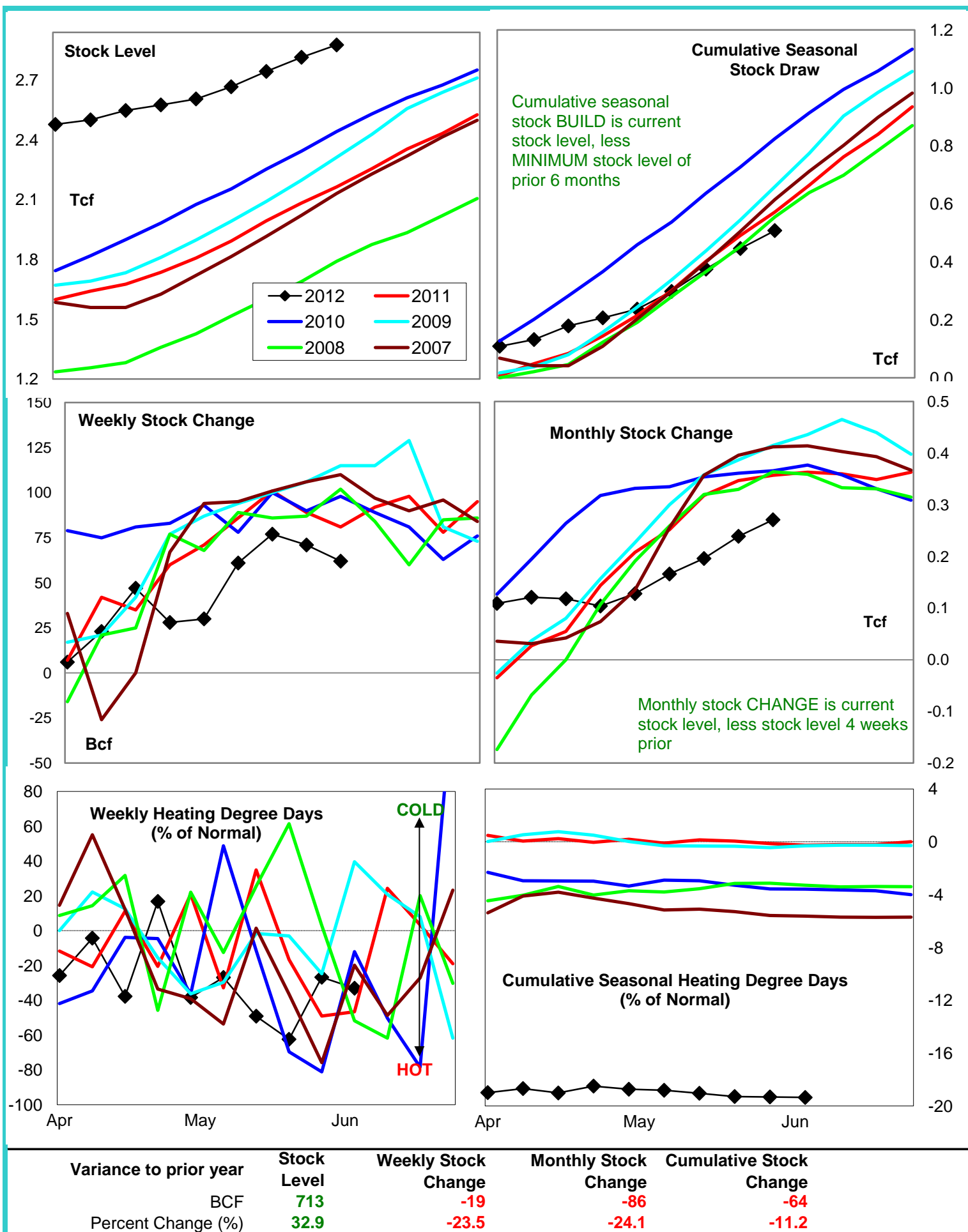
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>508</b>	<b>-64</b>	<b>-12.6</b>	<b>11</b>	<b>-19.3</b>	<b>16</b>	<b>-19.3</b>	<b>10</b>	<b>-19.4</b>
<b>East</b>	<b>314</b>	<b>-11</b>	<b>-3.5</b>	<b>9</b>	<b>-20.2</b>	<b>16</b>	<b>-20.3</b>	<b>13</b>	<b>-20.3</b>
<b>West</b>	<b>79</b>	<b>12</b>	<b>15.2</b>	<b>39</b>	<b>-11.9</b>	<b>32</b>	<b>-12.0</b>	<b>9</b>	<b>-12.3</b>
<b>Producing</b>	<b>126</b>	<b>-118</b>	<b>-93.7</b>	<b>1</b>	<b>-20.4</b>	<b>3</b>	<b>-20.4</b>	<b>0</b>	<b>-20.4</b>

### Futures Market Price Trends

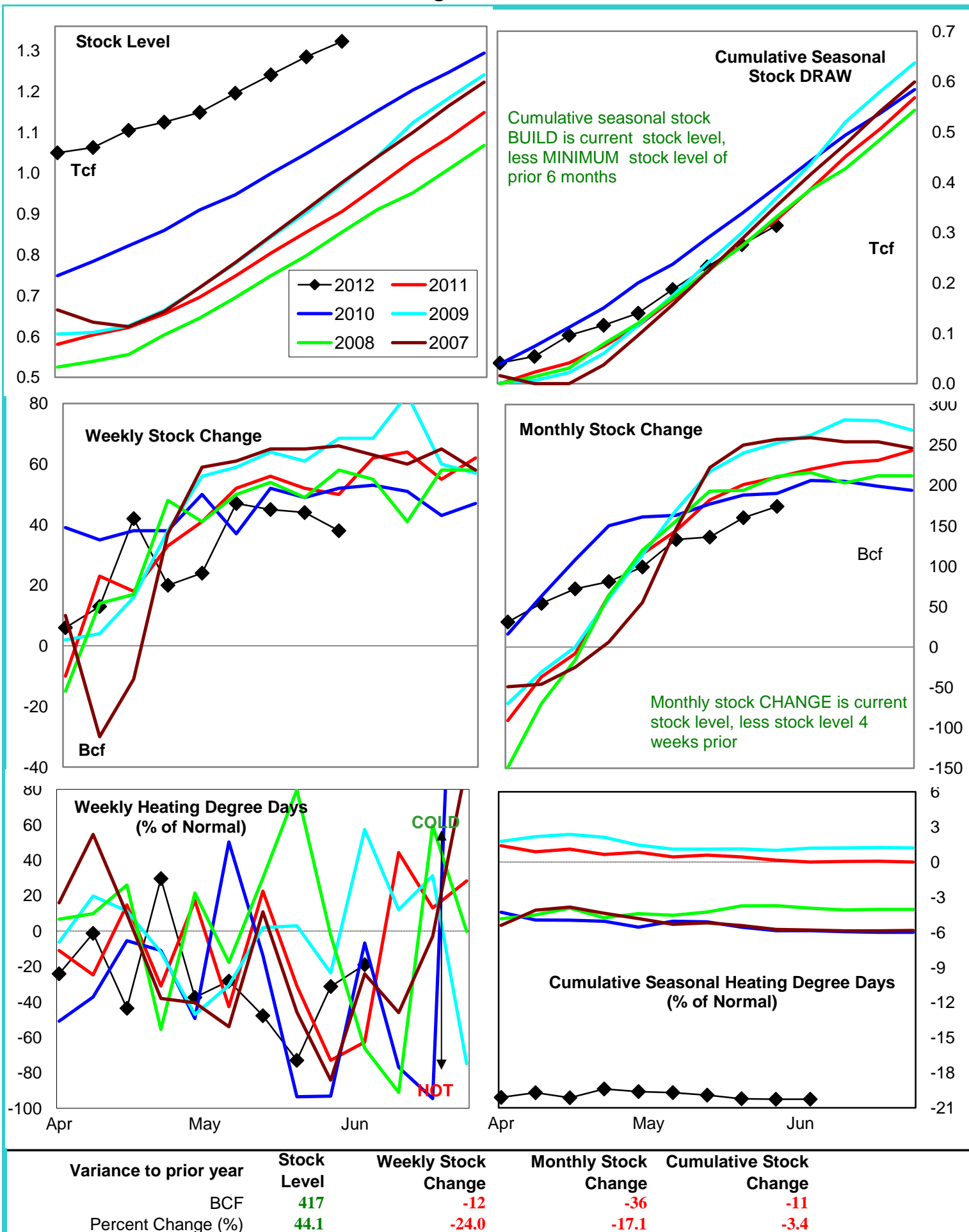
Date:	8-Jun-12	Change vs prior week, month, year		
		4-Jun-12	14-May-12	13-Jun-11
<b>1st month Futures</b>	<b>2.28</b>	<b>-0.14</b>	<b>-0.15</b>	<b>-1.91</b>
<b>% change</b>	<b>xxxxx</b>	<b>-5.6</b>	<b>-6.2</b>	<b>-45.6</b>



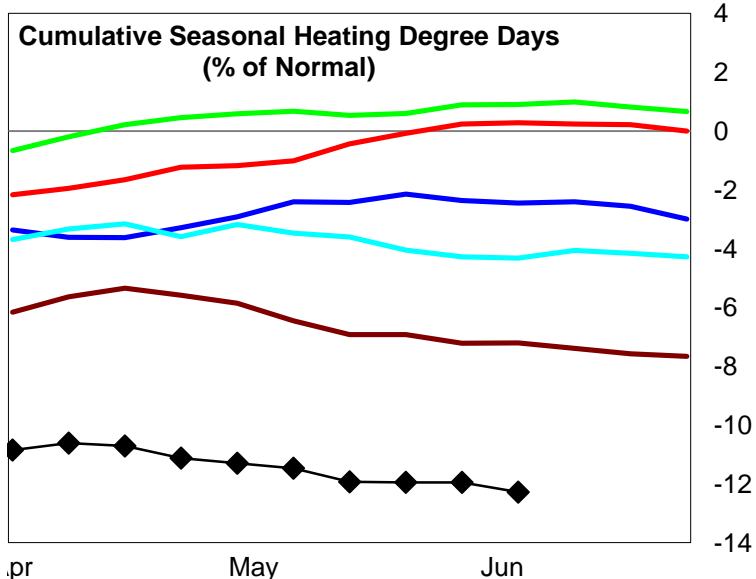
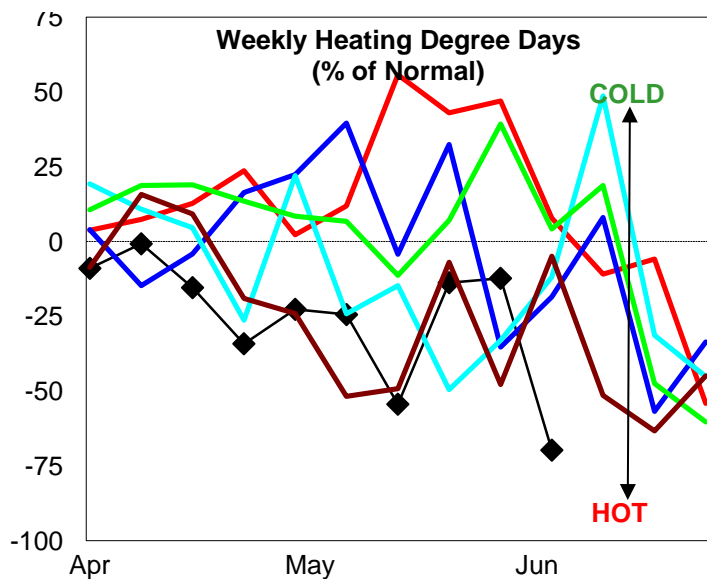
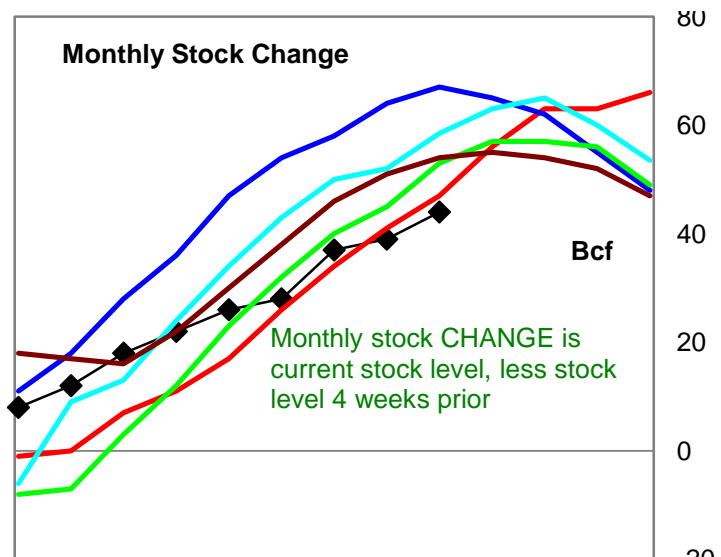
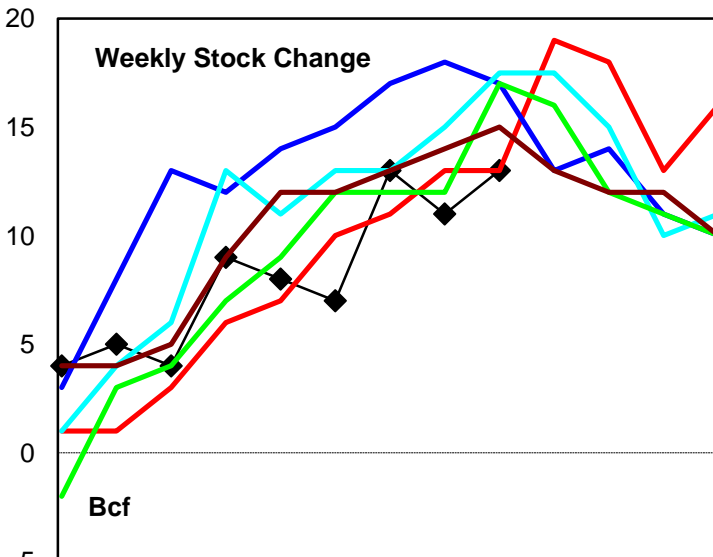
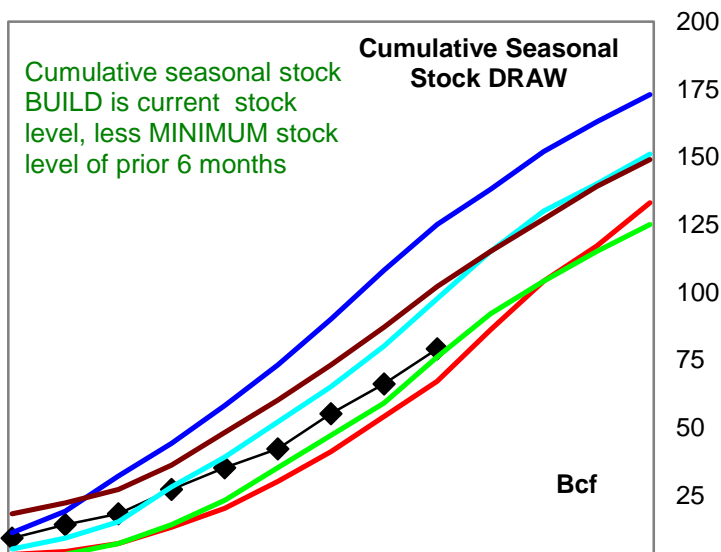
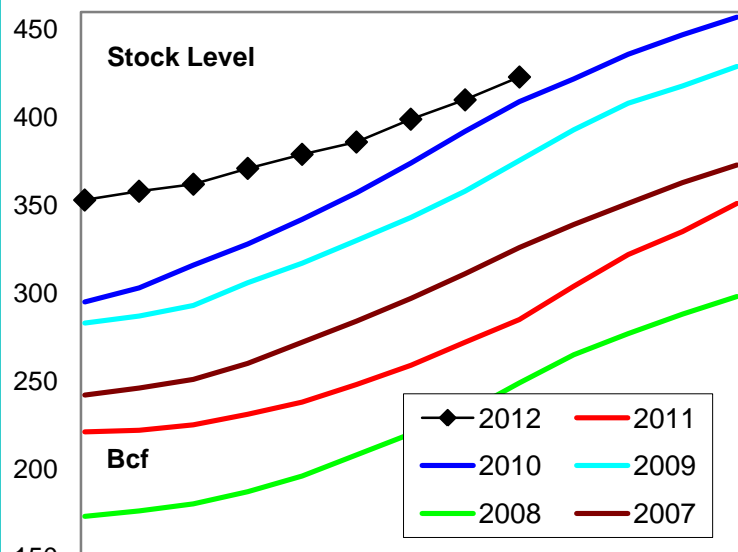
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



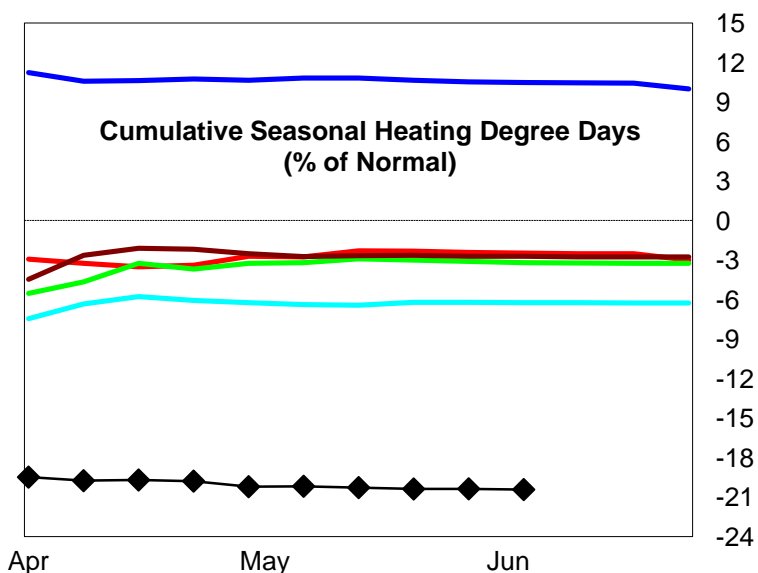
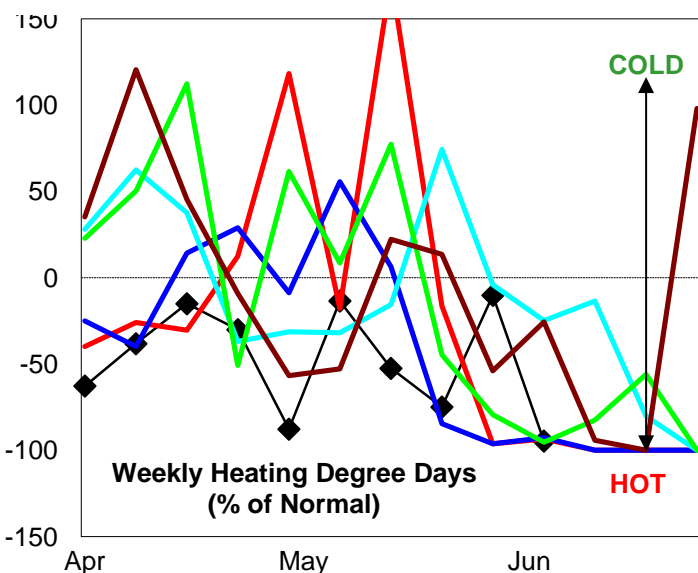
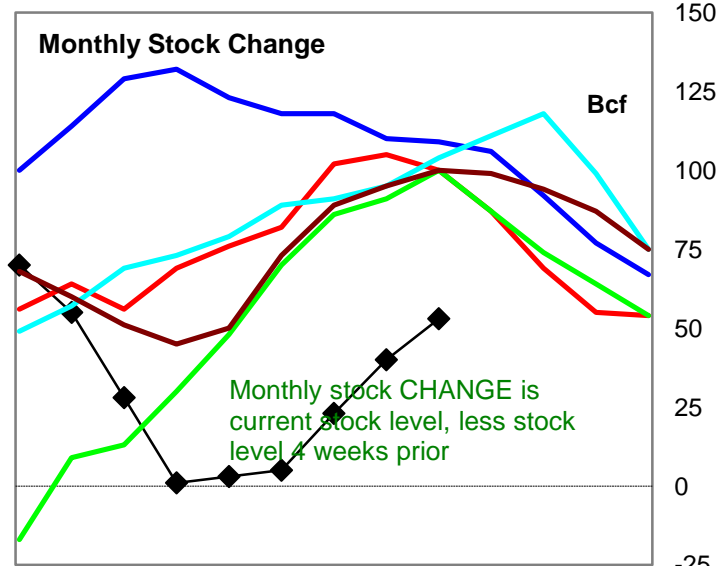
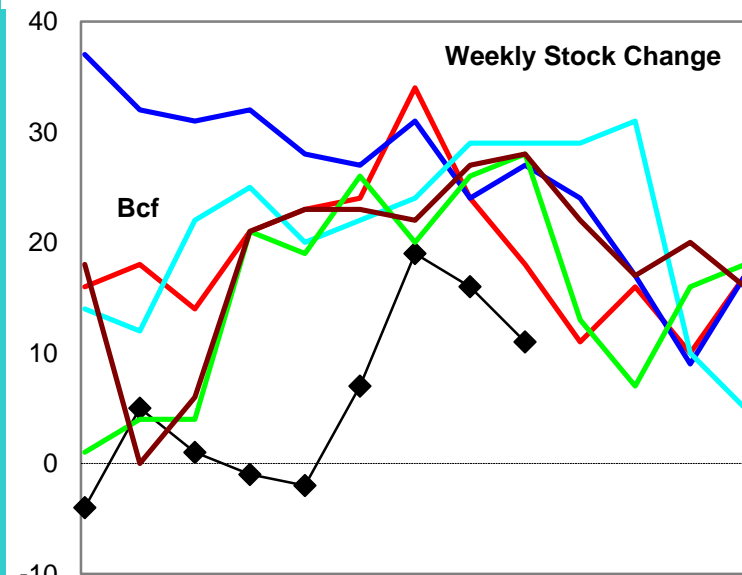
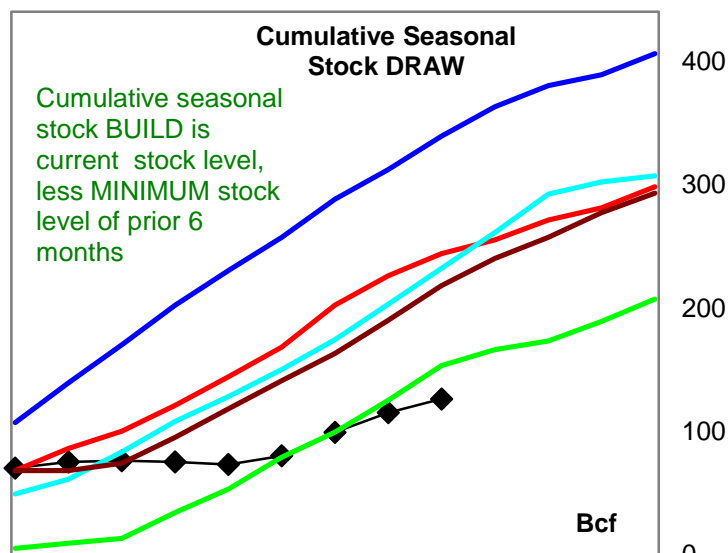
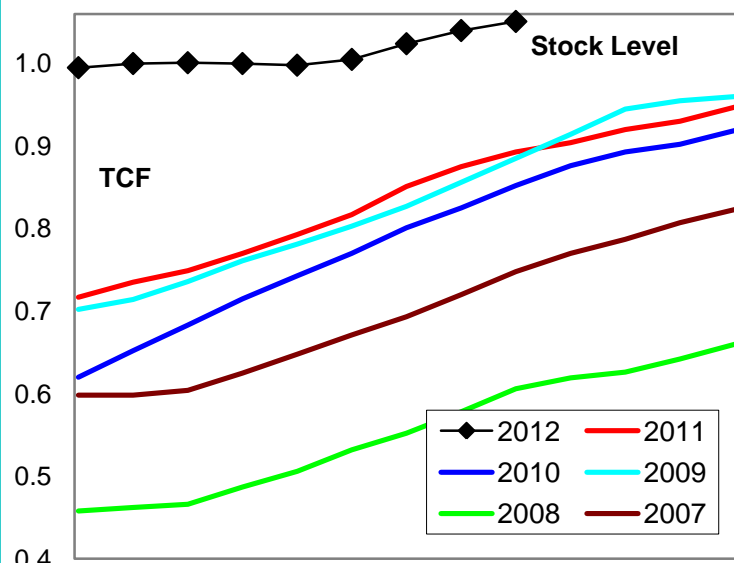
# Natural Gas West Region Stock and Weather Trends



Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	138	0	-3	12
Percent Change (%)	48.4	0.0	-6.4	17.9



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

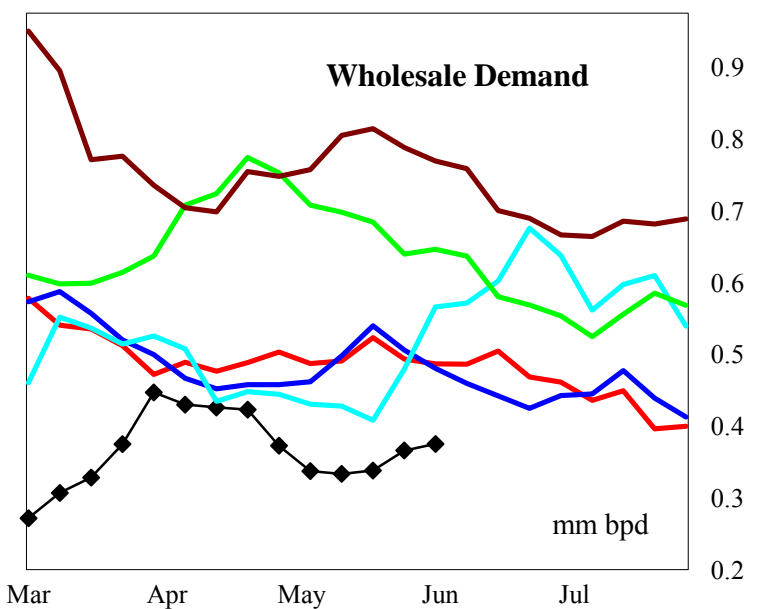
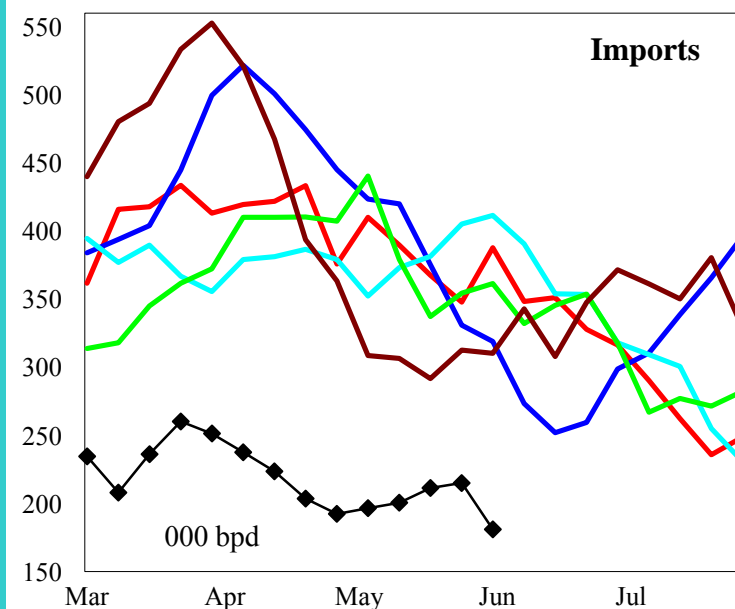
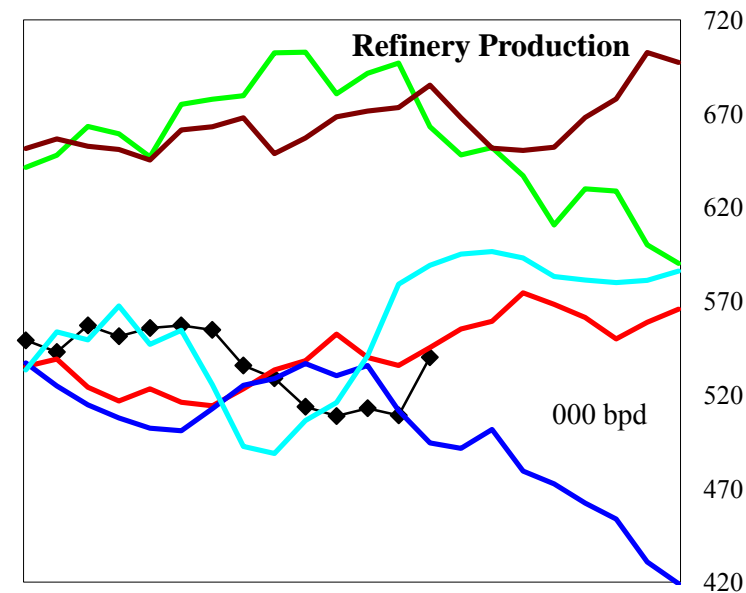
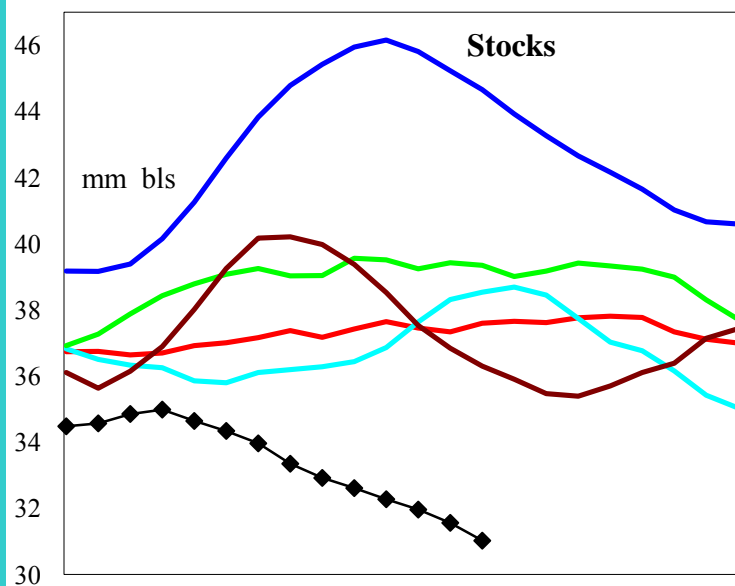
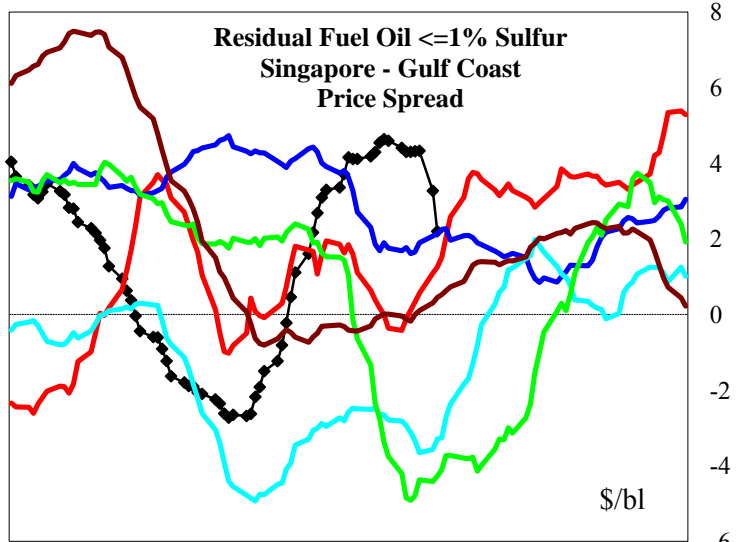
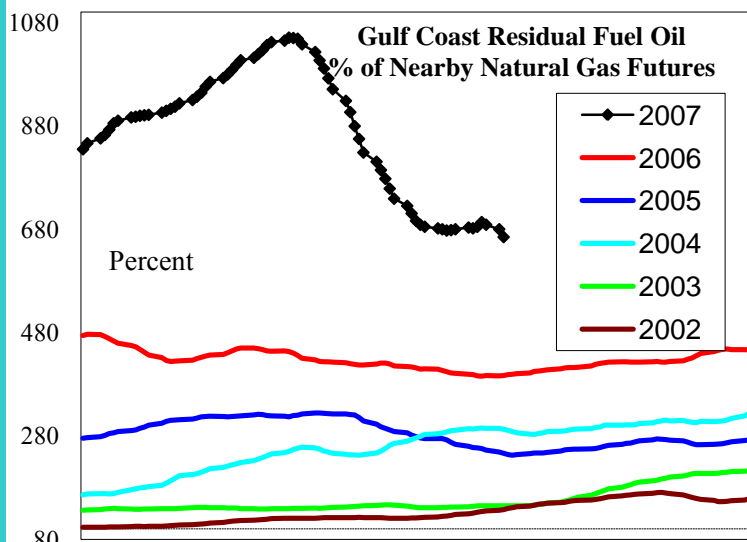
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)158  
16.9-7  
-38.9-47  
-47.0-118  
-48.4

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



**4 wk avg variance to prior year**  
000 bpd (000 bbls stks)  
% change

Stocks  
**-6,231**  
**-16.7**

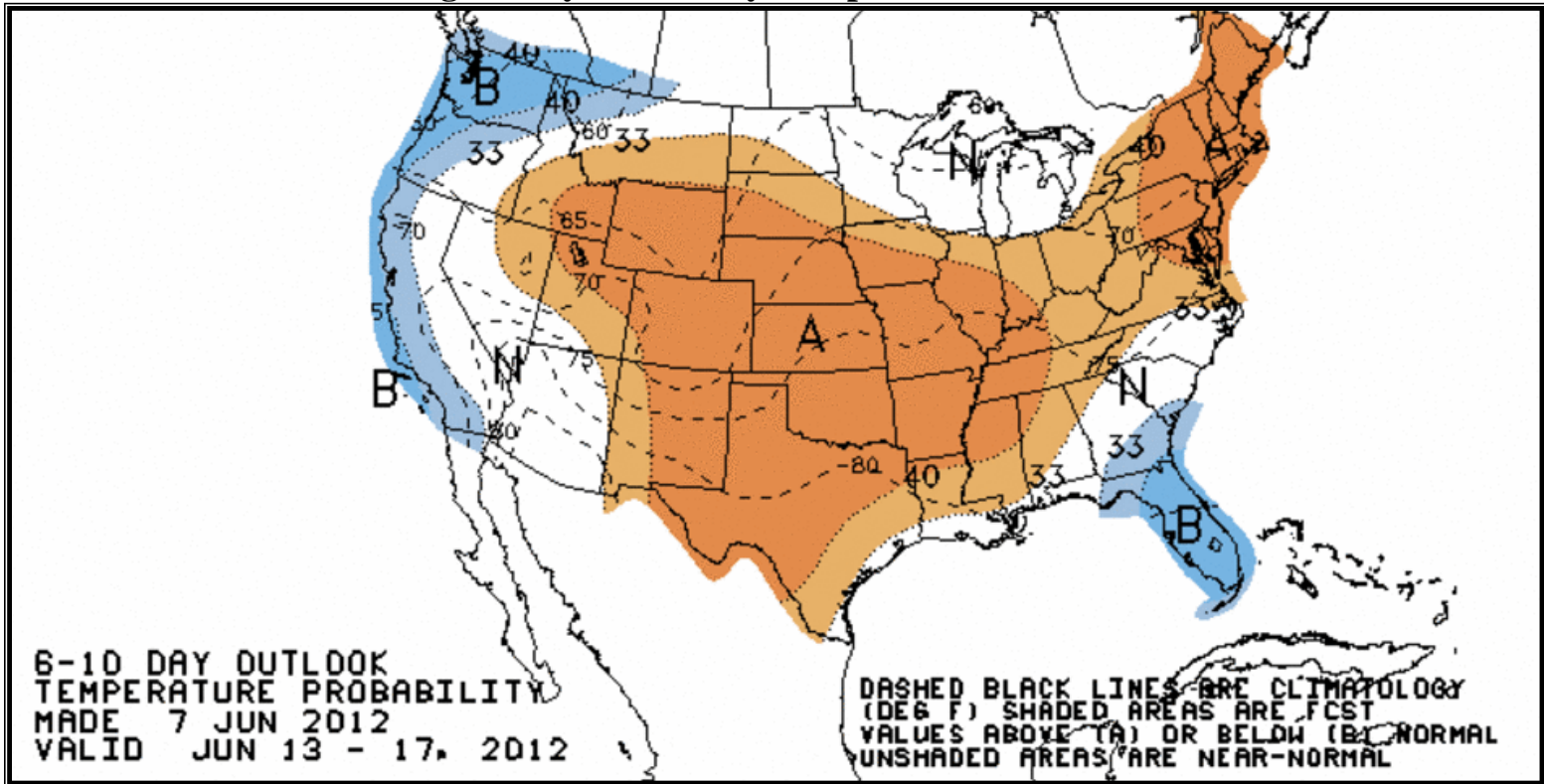
Prod  
**-27**  
**-5.1**

Imports  
**-152**  
**-41.2**

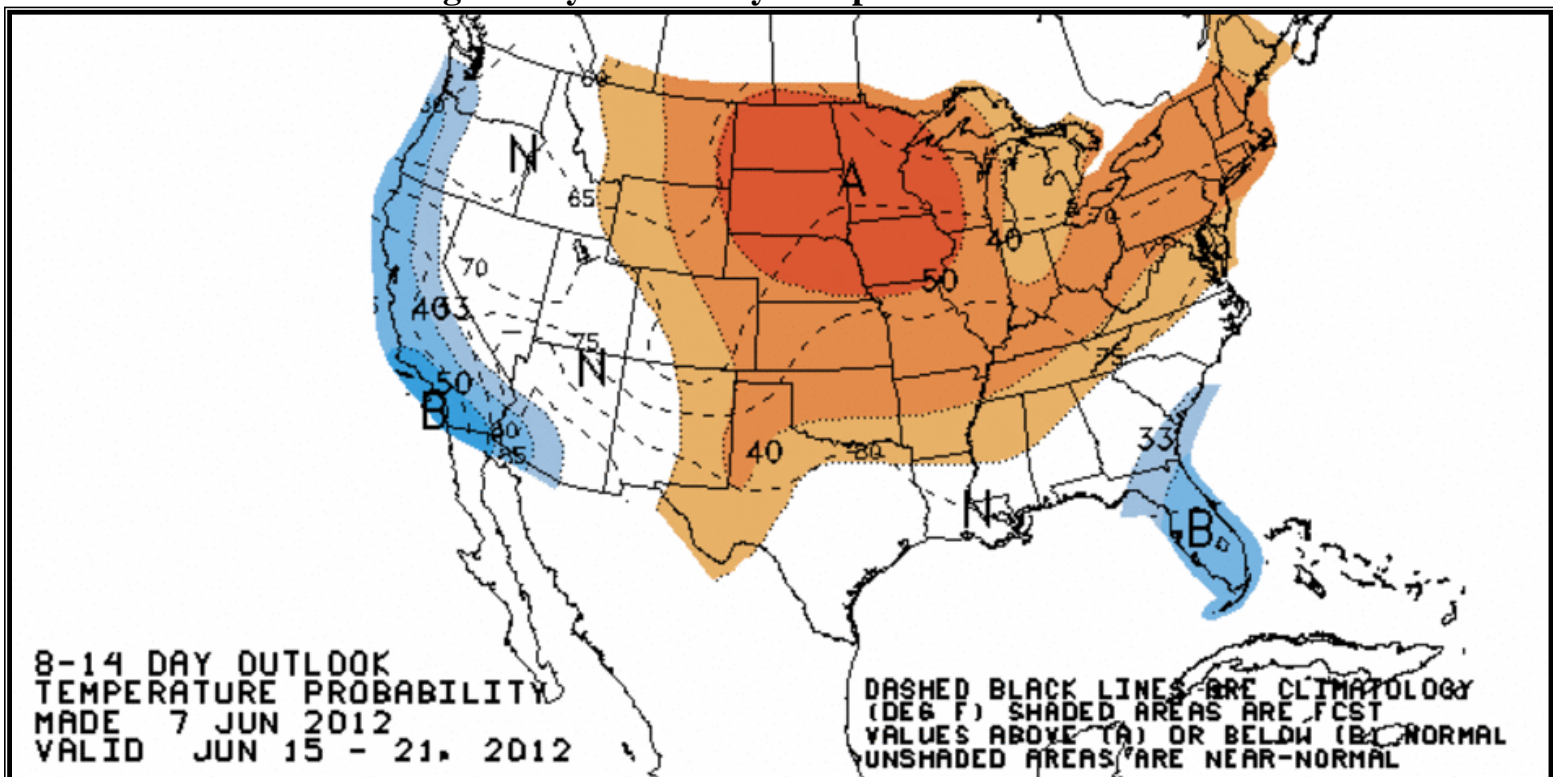
Demd=>

4wk avg	Apr	Mar	Feb
<b>-174</b>	<b>-172</b>	<b>-179</b>	<b>-233</b>
<b>-32.5</b>	<b>-28.7</b>	<b>-32.7</b>	<b>-37.2</b>

**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

