

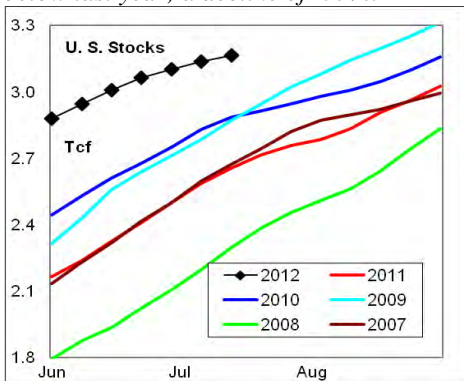
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

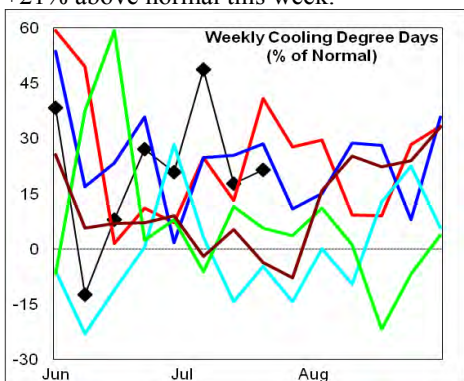
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, July 19, 2012



**Summary**<sup>1</sup> The stock build of +28 Bcf for the week compares to an average build of +75 Bcf for the week. The average weekly build for the last 2-months was -30 Bcf below last year; a decline of -37%.



Cooling degree days for the week ending 14Jul12 were +18% above normal. Cooling degree days are forecast to be +21% above normal this week.



In the East Region stocks increased +23 Bcf for the week, compared to an average build of +56 Bcf. Stocks increased +4 Bcf in the West Region, a build that matched 5-year lows for the week. Stocks increased +1 Bcf in the Producing Region compared to an average build of +13 Bcf for the period.

Cooling degree days were +22% above normal in the East Region, +38% above normal in the West Region and -6% below normal for the week ending 14Jul12.

Cooling degree days were +18% above normal last week and forecast to be +21%

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

[Data Source is EIA Weekly Statistics](#)

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

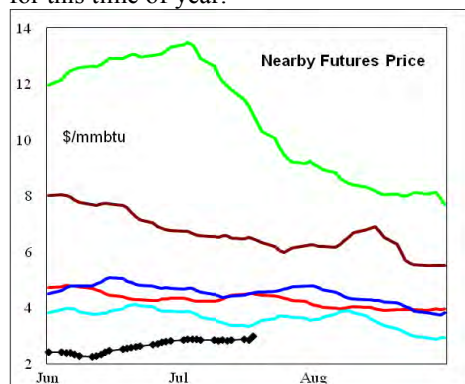
[National Weather Service 10-14 Day](#)

above normal for the current week.

The 6-10 day NWS forecast for the week ending 28Jul12 is for much above normal cooling degree days in the Eastern 1/2 half of the country, with near normal cooling degree days in the west.

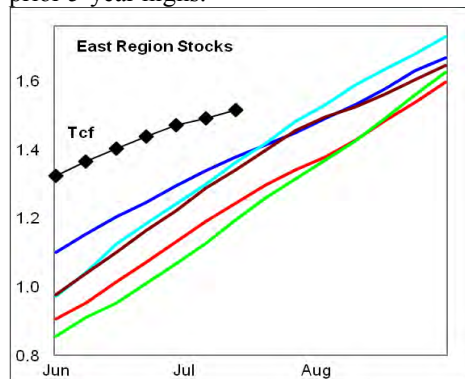
The 8-14 day NWS forecast for the week ending 01Aug12 is for much above normal cooling degree days in the central 1/3rd of the country, with other regions near normal.

**Prices:** Nearby gas futures prices increased +\$0.12/mmbtu for the week ending 18Jul12. The current price is -\$0.70/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 19Jul12 (declining carry), ending at a level which was comparable to the last 2-years.

**East Region** stocks increased +23 Bcf for the week, compared to an average build of +56 Bcf for the week. The current stock level was +21% above last year, and above prior 5-year highs.

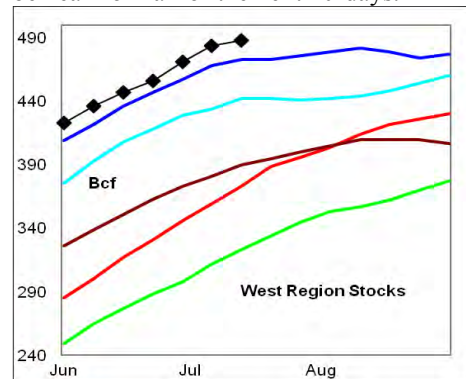


Cooling degree days in the region were +18% above normal for the week ending 14Jul12, and forecast to be +31% above normal this week. Cooling degree days are forecast to be above normal in the region for the next 10-days.

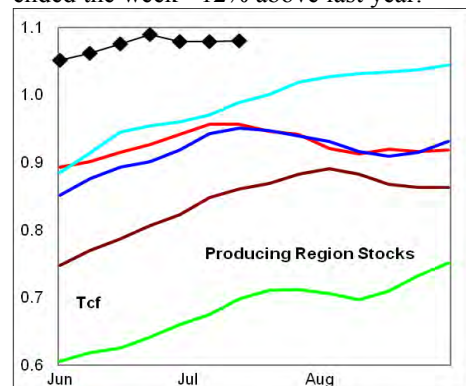
**West Region** stocks increased +4 Bcf on the week, a build that matched 5-year lows for the period. Stock levels ended the

week +31% above last year and above the 5-year range. The latest 4-wk stock build was above the 5-year average.

Cooling degree days were +38% above normal for the week ending 14Jul12, and forecast to be +11% above normal this week. Cooling degree days are forecast to be near normal for the next 10-days.



**Producing Region** stocks increased +1 Bcf for the week, compared to an average build of +13 Bcf for the week. Stock levels ended the week +12% above last year.



Cooling degree days were -6% below normal for the week ending 14Jul12, and forecast to be +6% above normal this week. Above normal cooling 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, with residual fuel demand -32% below last year.

**Outlook:** The cumulative seasonal stock build this year was -25% below a year ago and below the 5-year range. High electric power demand, shut in of wells due to low prices and expected limits on storage capacity underlies the low stock build rate. Above average cooling degree days should continue to support prices through month end.



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: July 19, 2012

For the week ending: 13-Jul-12

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

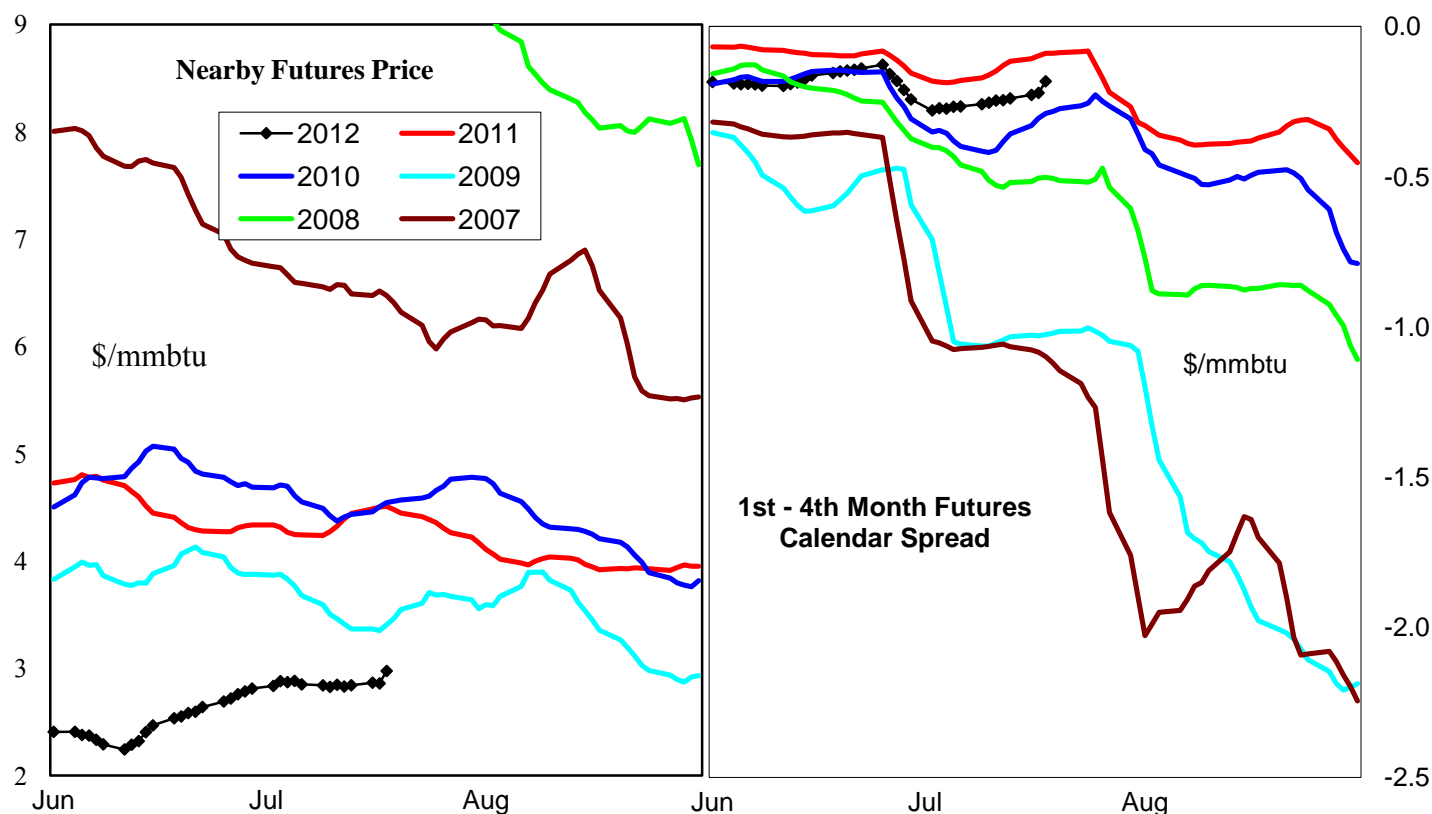
Week ending:	13-Jul-12			7-Jul-12		14-Jul-12		21-Jul-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,163	28	19.2	26	49%	-16	18%	5	21%
East	1,555	23	21.1	41	75%	-29	22%	9	31%
West	488	4	30.8	11	7%	21	38%	-13	11%
Producing	1,120	1	12.3	-8	18%	-22	-6%	16	6%

### Seasonal Trends in Stocks and Cooling Degree Days

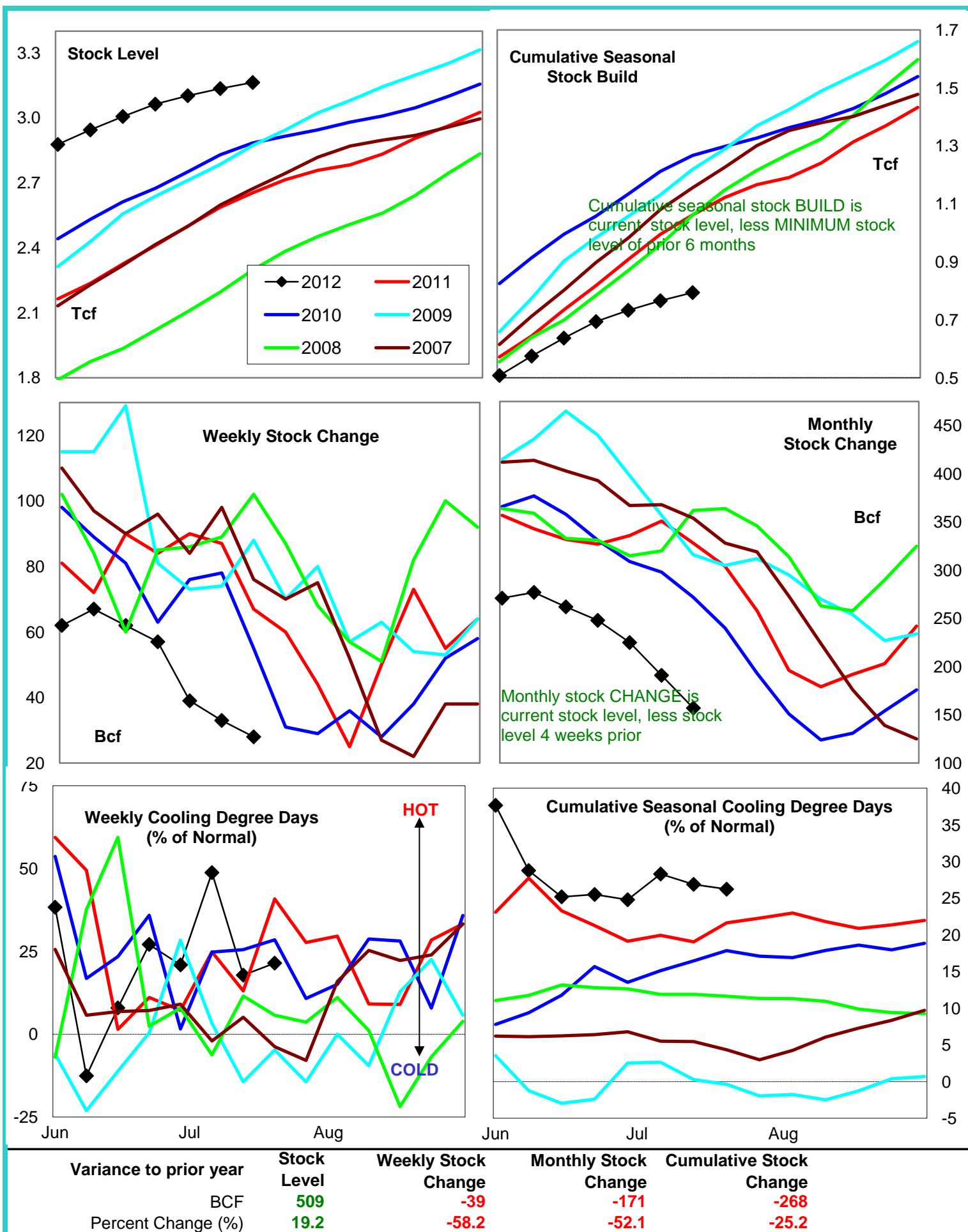
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
<b>U.S. Total</b>	<b>794</b>	<b>-268</b>	<b>-33.8</b>	<b>132</b>	<b>28%</b>	<b>145</b>	<b>27%</b>	<b>161</b>	<b>26%</b>
<b>East</b>	<b>506</b>	<b>-157</b>	<b>-31.0</b>	<b>282</b>	<b>36%</b>	<b>276</b>	<b>34%</b>	<b>284</b>	<b>34%</b>
<b>West</b>	<b>144</b>	<b>-11</b>	<b>-7.6</b>	<b>-11</b>	<b>-3%</b>	<b>9</b>	<b>3%</b>	<b>16</b>	<b>4%</b>
<b>Producing</b>	<b>155</b>	<b>-153</b>	<b>-98.7</b>	<b>282</b>	<b>32%</b>	<b>276</b>	<b>27%</b>	<b>284</b>	<b>25%</b>

### Futures Market Price Trends

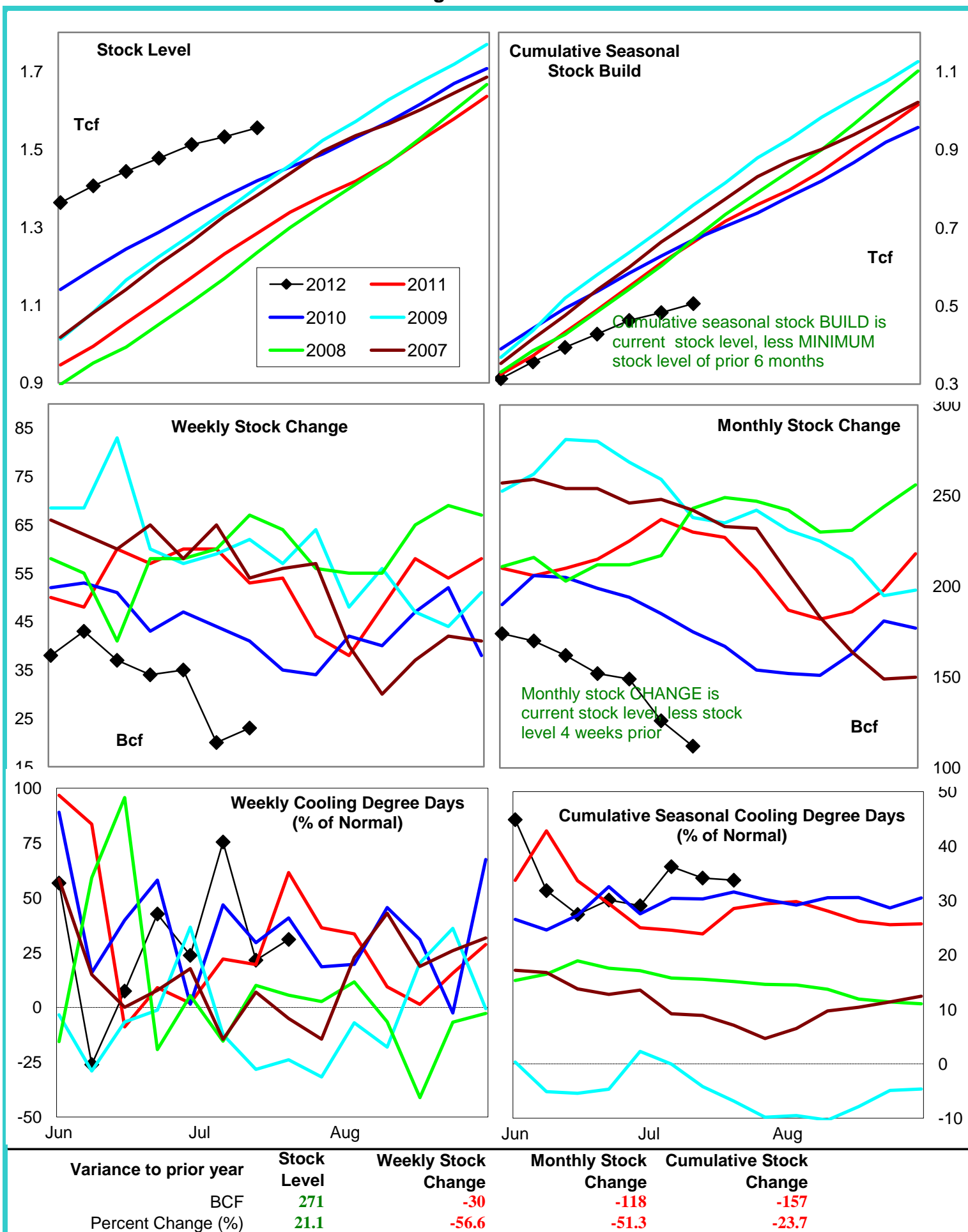
Date:	19-Jul-12	Change vs prior week, month, year		
		13-Jul-12	22-Jun-12	15-Jul-11
<b>1st month Futures</b>	<b>2.97</b>	<b>0.10</b>	<b>0.39</b>	<b>-1.19</b>
<b>% change</b>	xxxxx	<b>3.4</b>	<b>15.1</b>	<b>-28.5</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



The figure consists of six line charts arranged in a 3x2 grid, showing various metrics over time (June to August) for the years 2007 through 2012. The charts are color-coded: 2012 (black diamonds), 2011 (red), 2010 (blue), 2009 (cyan), 2008 (green), and 2007 (brown).

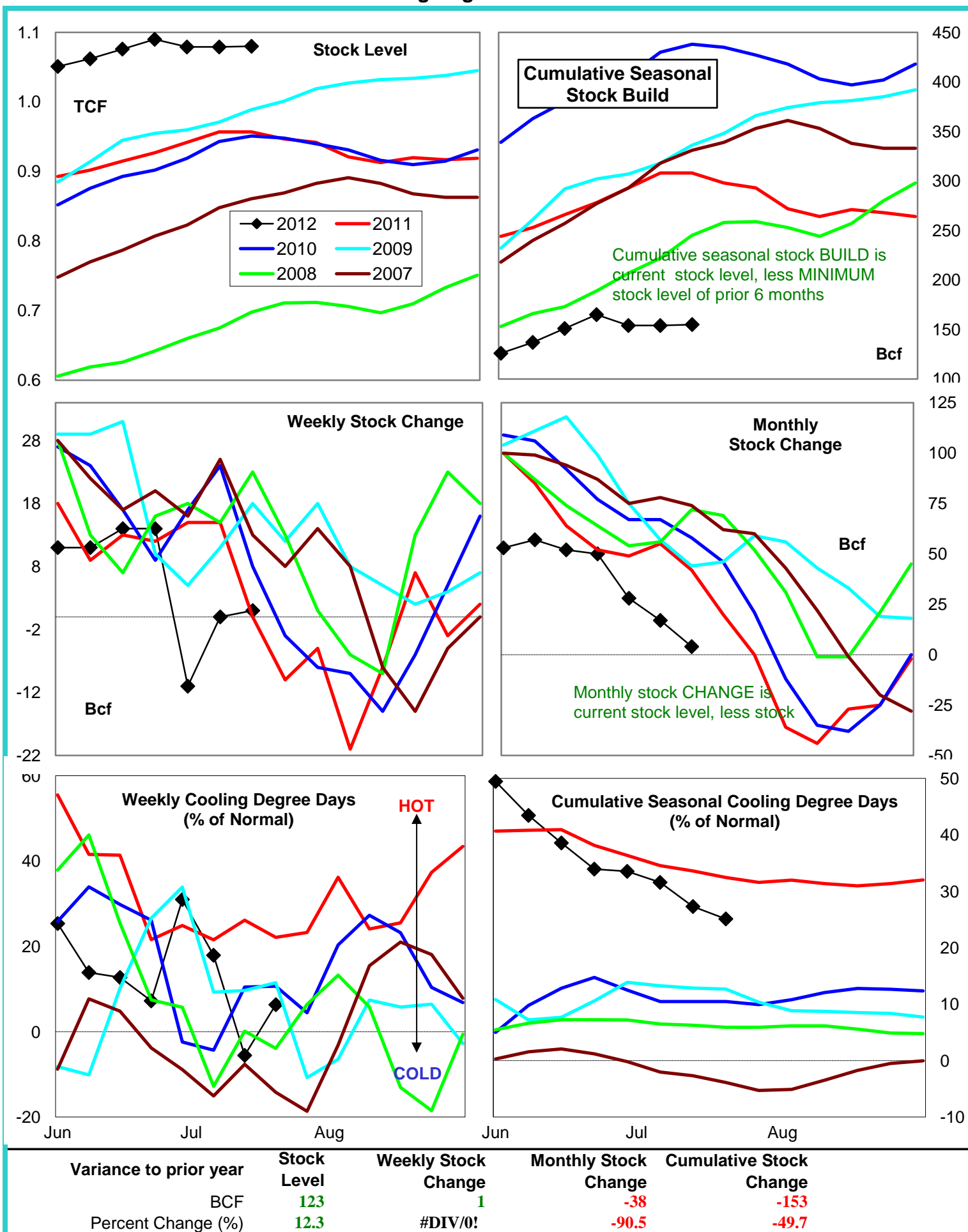
- Stock Level:** Shows the current stock level. The y-axis ranges from 250 to 500. The 2012 series (black diamonds) shows a steady increase from approximately 420 in June to 490 in August. Other years show varying trends, with 2010 (blue) generally being the highest.
- Cumulative Seasonal Stock Build:** Shows the cumulative stock build. The y-axis ranges from 75 to 225. The 2012 series (black diamonds) shows a steady increase from approximately 75 in June to 150 in August. A green text box explains: "Cumulative seasonal stock BUILD is current stock level, less MINIMUM stock level of prior 6 months".
- Weekly Stock Change:** Shows the weekly stock change. The y-axis ranges from -6 to 18. The 2012 series (black diamonds) shows a general downward trend from approximately 13 in June to -3 in August. A green text box explains: "Monthly stock CHANGE is current stock level, less stock level 4 weeks prior".
- Monthly Stock Change:** Shows the monthly stock change. The y-axis ranges from -10 to 20. The 2012 series (black diamonds) shows a general downward trend from approximately 13 in June to -3 in August.
- Weekly Cooling Degree Days (% of Normal):** Shows the weekly cooling degree days as a percentage of normal. The y-axis ranges from -80 to 80. The 2012 series (black diamonds) shows a general upward trend from approximately 0 in June to 40 in August. A red arrow points to the top of the chart labeled "HOT", and a green arrow points to the bottom labeled "COLD".
- Cumulative Seasonal Cooling Degree Days (% of Normal):** Shows the cumulative seasonal cooling degree days as a percentage of normal. The y-axis ranges from -50 to 20. The 2012 series (black diamonds) shows a general upward trend from approximately -10 in June to 10 in August.

**Summary Table:**

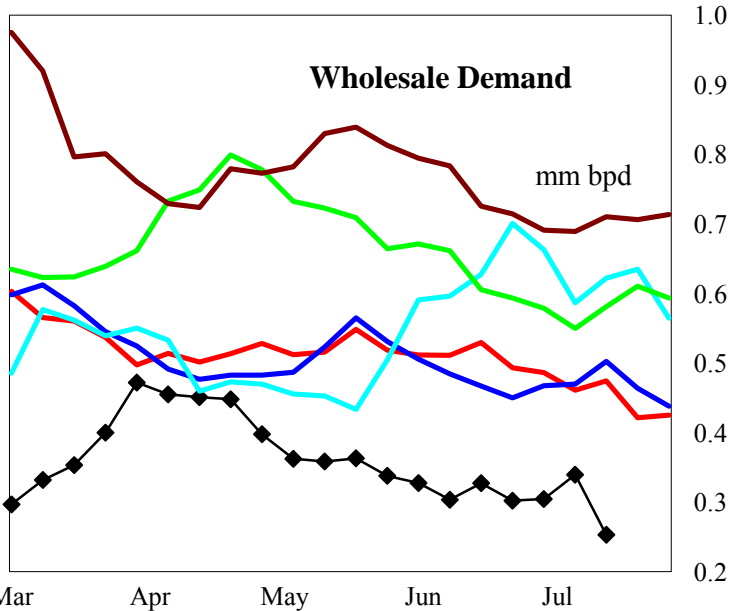
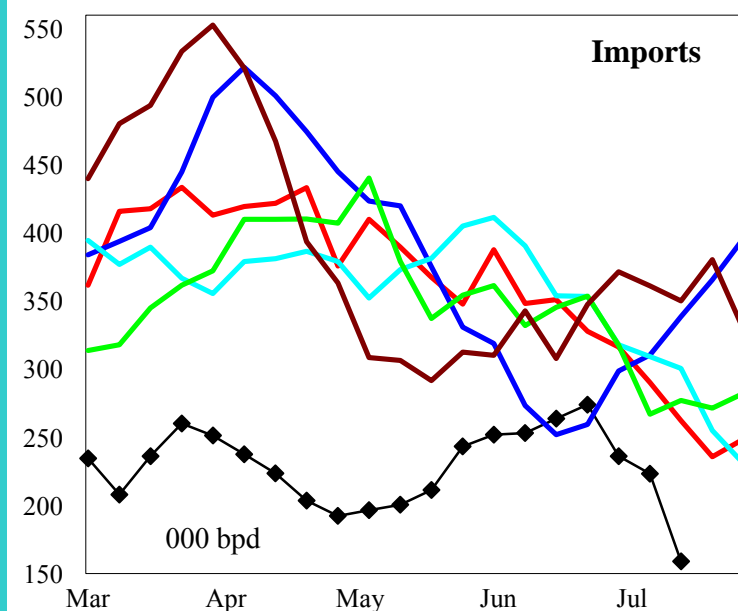
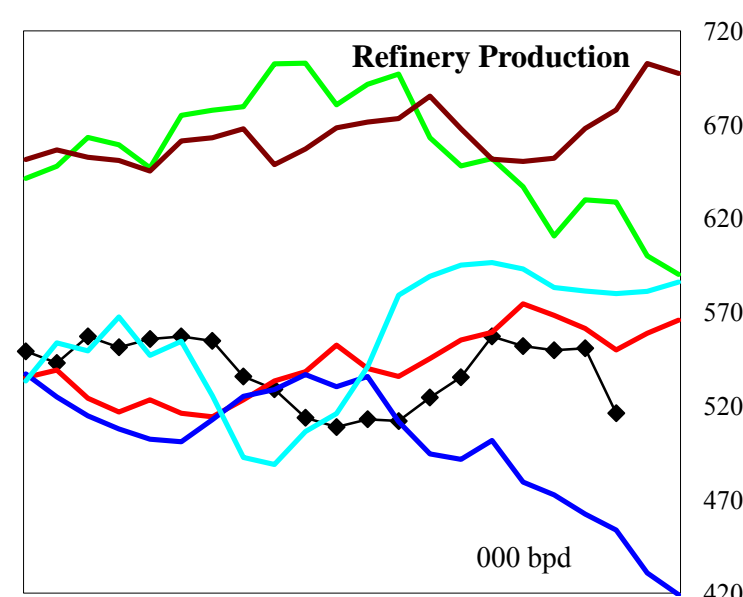
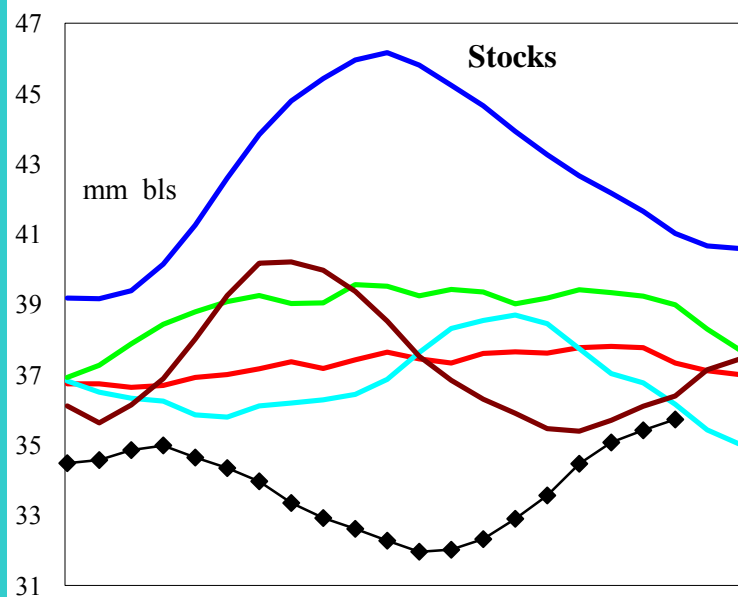
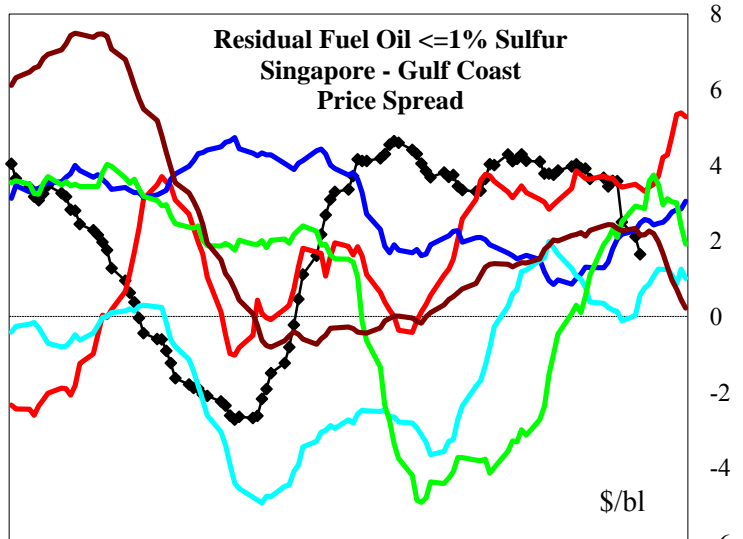
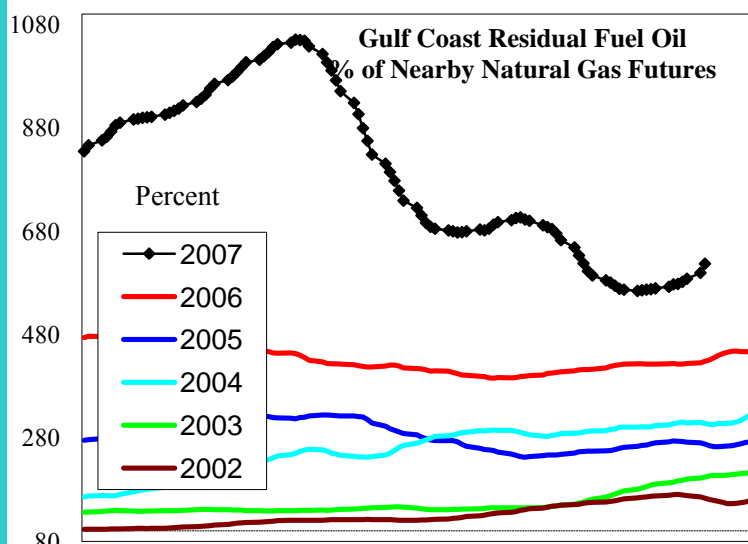
	Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	115	-10	-15	-11	
Percent Change (%)	30.8	-71.4	-26.8	-7.1	



# 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 bbls stks)

% change

Stocks

-1,502

-4.0

Prod

-18

-3.2

Imports

-66

-22.3

Demd=>

4wk avg

-154

-32.2

Jun

-162

-34.4

May

-116

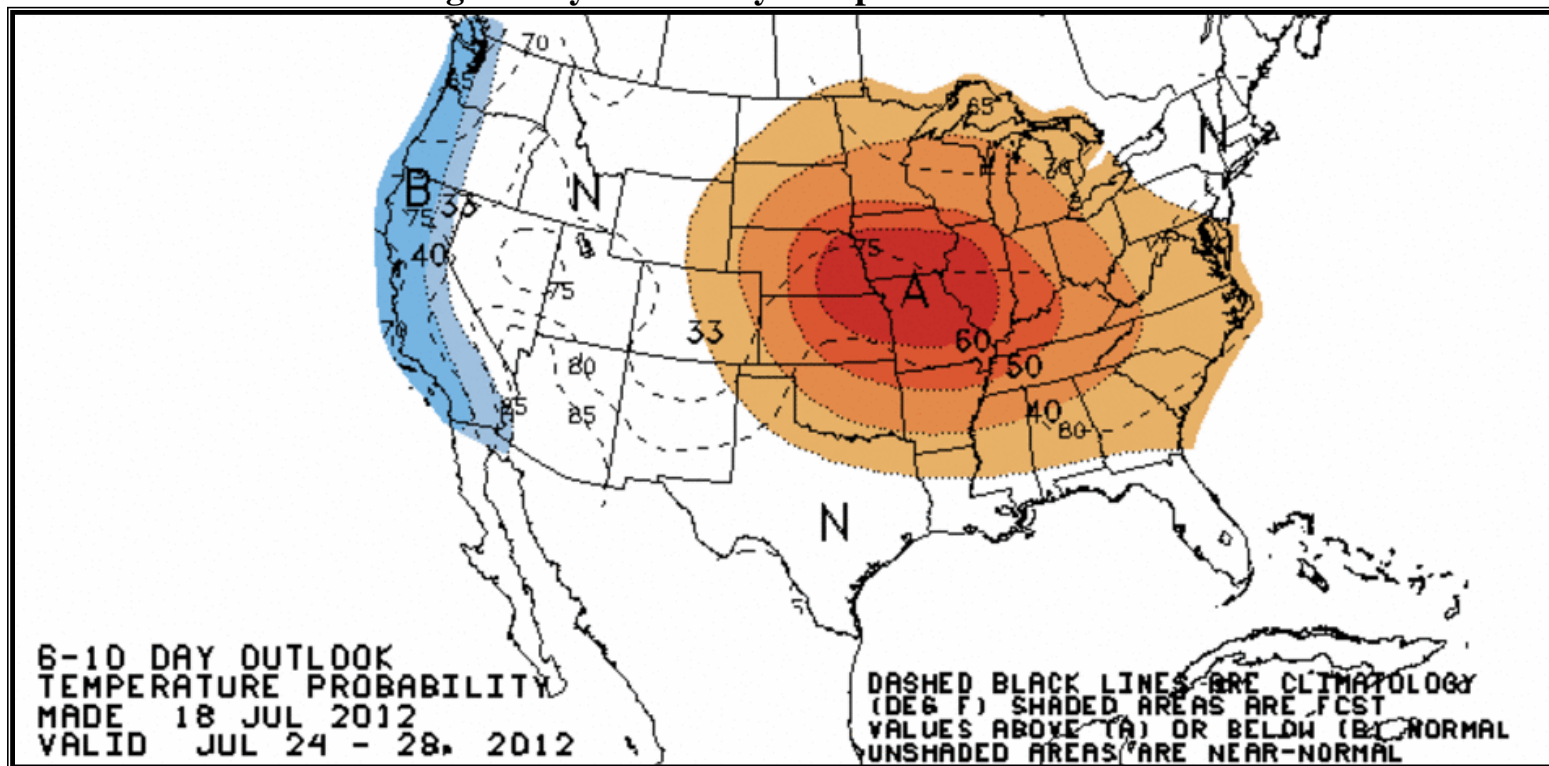
-24.3

Apr

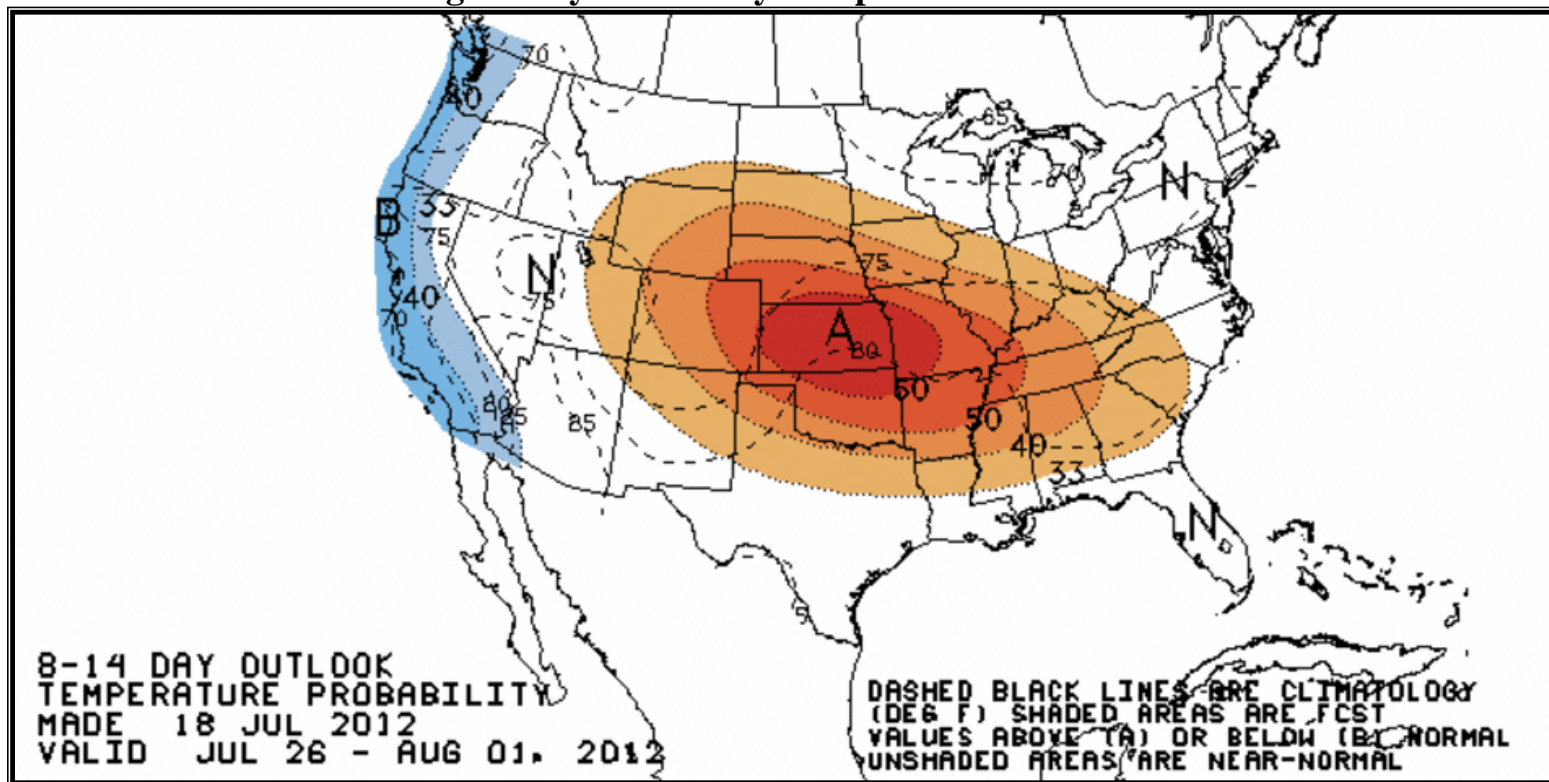
-192

-32.0

## 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

