

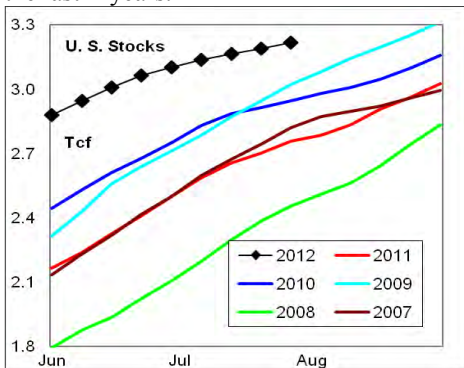
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

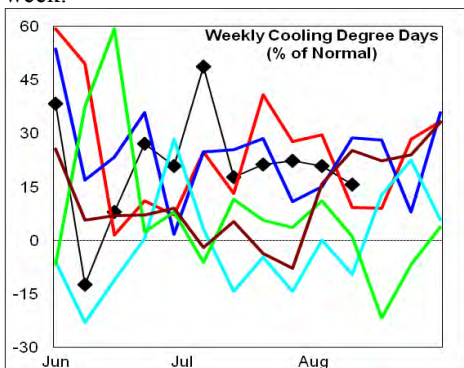
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, August 06, 2012



Summary¹ The stock build of +28 Bcf for the week was -15 Bcf below the average of the last 2-years.



Cooling degree days for the week ending 28Jul12 were +22% above normal and +21% above normal for the week ending 04Aug12. Cooling degree days are forecast to be +16% above normal this week.



In the East Region stocks increased +30 Bcf for the week, -10 Bcf less than the average of the last 2-years. Stocks increased +4 Bcf in the West Region, a build slightly below the mid range. Stocks decreased -6 Bcf in the Producing Region compared to an average draw of -8 Bcf during the last 2-years.

Cooling degree days were +31% above normal in the East Region, +3% above normal in the West Region and +16% above normal for the week ending 28Jul12.

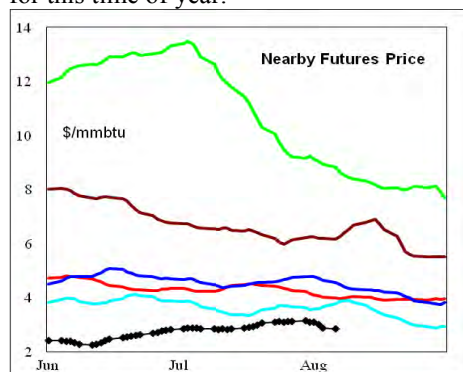
Cooling degree days were +22% above normal for the week ending 28Jul12, +21% above normal for the week ending

04Aug12 and forecast to be +16% above normal for the current week.

The 6-10 day NWS forecast for the week ending 15Aug12 is for much above normal cooling degree days in the western 1/2 of the country, and slightly below normal in the Eastern 1/2 half.

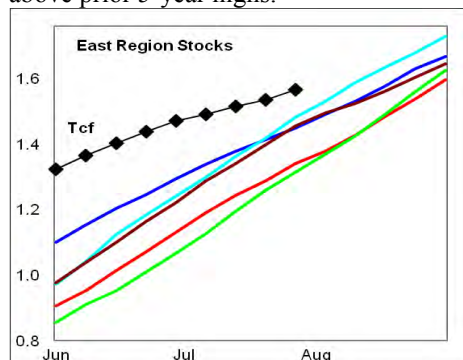
The 8-14 day NWS forecast for the week ending 19Aug12 is for above normal cooling degree days in the western 1/2 half of the country and near normal in the East.

Prices: Nearby gas futures prices fell - \$0.35/mmbtu for the week ending 06Aug12. The current price is - \$1.18/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve trended lower for the week ending 06Aug12 (increasing carry), ending at a level which matched last years' record low carry.

East Region stocks increased +30 Bcf for the week, compared to an average build of +40 Bcf for the last 2-years. The current stock level was +16% above last year, and above prior 5-year highs.

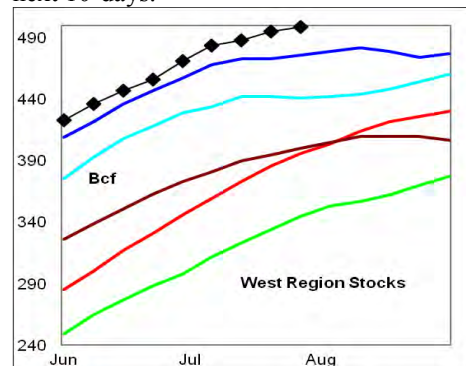


Cooling degree days in the region were +22% above normal for the week ending 28Jul12, +21% above normal for the week ending 04Aug12 and and forecast to be +16% above normal this week. Cooling degree days are forecast to be near normal in the region for the next 10-days.

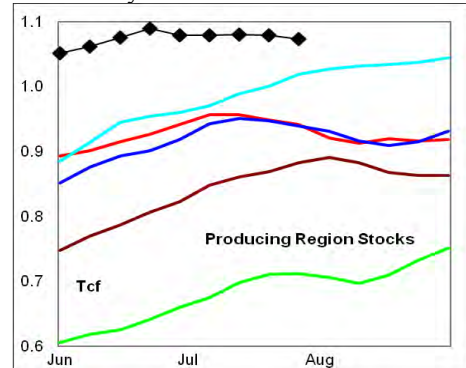
West Region stocks increased +4 Bcf on the week, a build slightly below the mid

range. Stock levels ended the week +26% above last year and above the 5-year range. The latest 4-wk stock build matched the 5-year average.

Cooling degree days were +3% above normal for the week ending 28Jul12, +9% above normal for the week ending 04Aug12 and forecast to be +49% above normal this week. Cooling degree days are forecast to be sharply above normal for the next 10-days.



Producing Region stocks decreased -6 Bcf for the week, compared to an average draw of -8 Bcf for the week during the last 2-years. Stock levels ended the week +13% above last year.



Cooling degree days were +16% above normal for the week ending 28Jul12, +27% above normal for the week ending 04Aug12 and forecast to be +13% above normal this week. Near 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 -20% below last year.

Outlook: Last week's draw was below expectations, which combined with the forecast of a return to near normal cooling degree days East of the Rockies led to the sharp pull back in prices. Look for price weakness on below normal cooling degree day forecast and start of the shoulder season.

¹ 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: August 6, 2012

For the week ending: 27-Jul-12

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

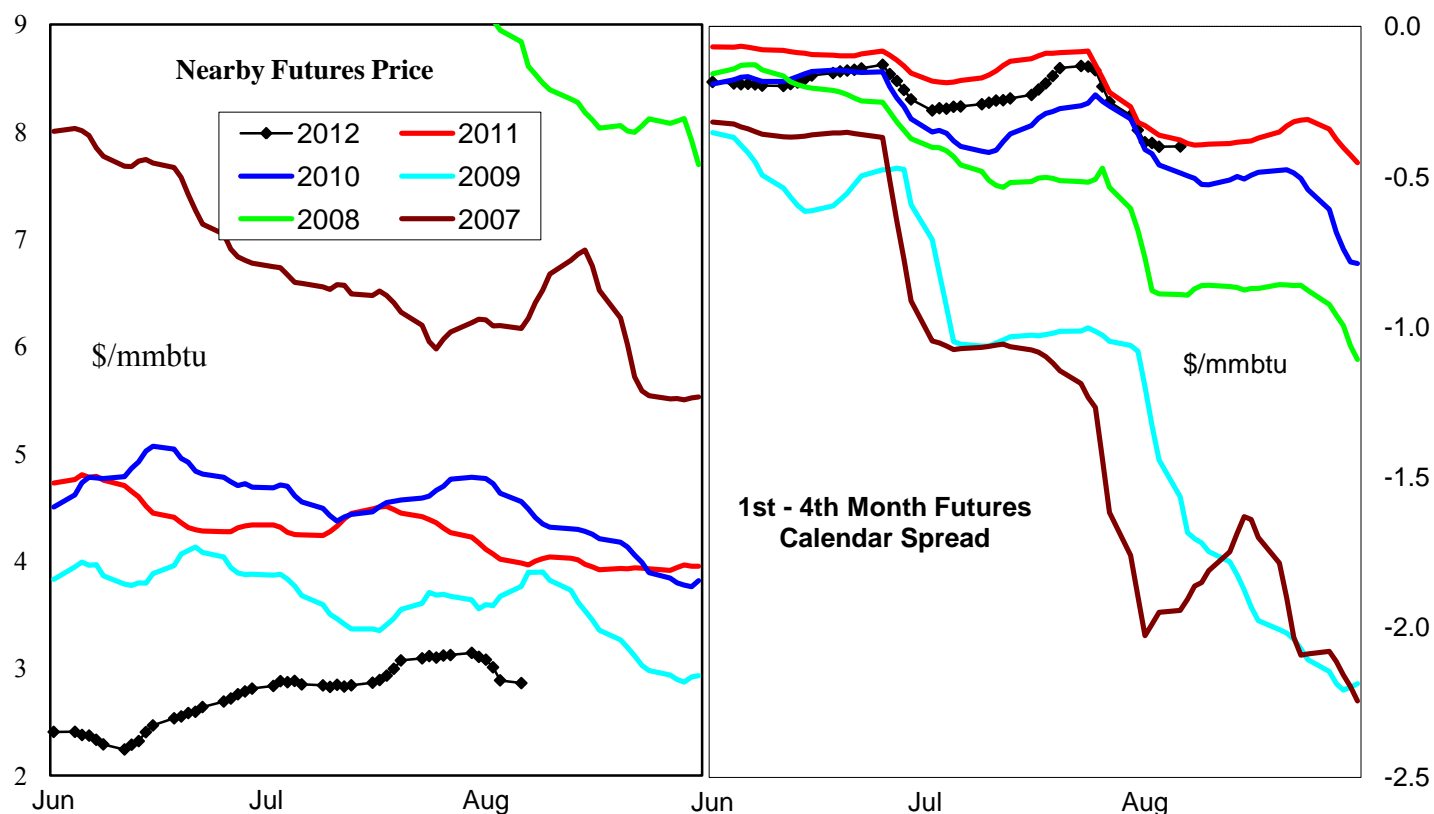
Week ending:	27-Jul-12			28-Jul-12		4-Aug-12		11-Aug-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,217	28	16.6	2	22%	-2	21%	-7	16%
East	1,605	30	16.3	0	31%	-8	22%	-15	6%
West	499	4	26.0	1	3%	4	9%	18	49%
Producing	1,113	-6	13.3	10	16%	11	27%	-16	13%

Seasonal Trends in Stocks and Cooling Degree Days

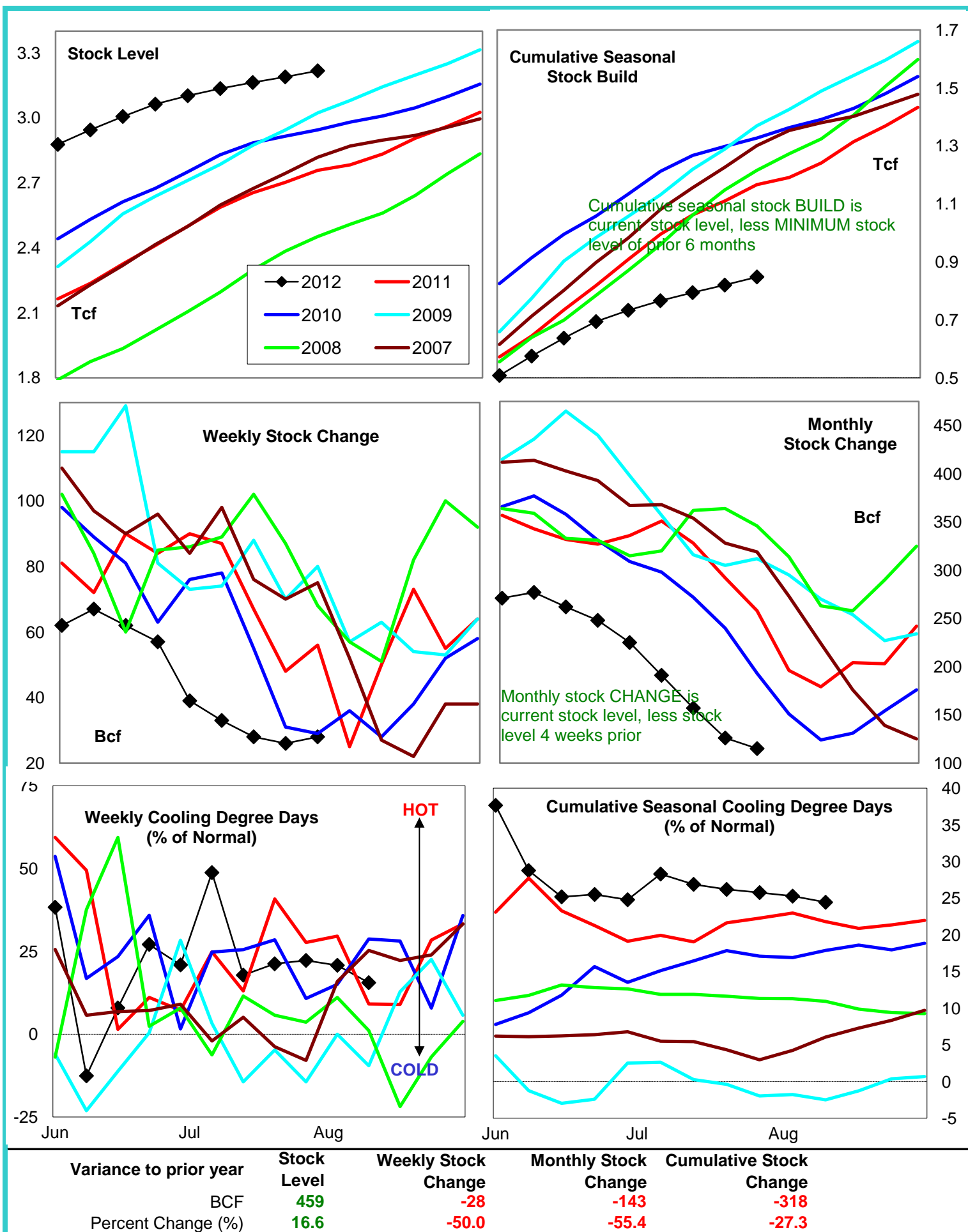
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	848	-318	-37.5	178	26%	194	25%	205	24%
East	556	-203	-36.5	305	34%	336	32%	351	30%
West	155	-23	-14.8	12	3%	17	3%	44	7%
Producing	148	-145	-98.0	305	24%	336	25%	351	24%

Futures Market Price Trends

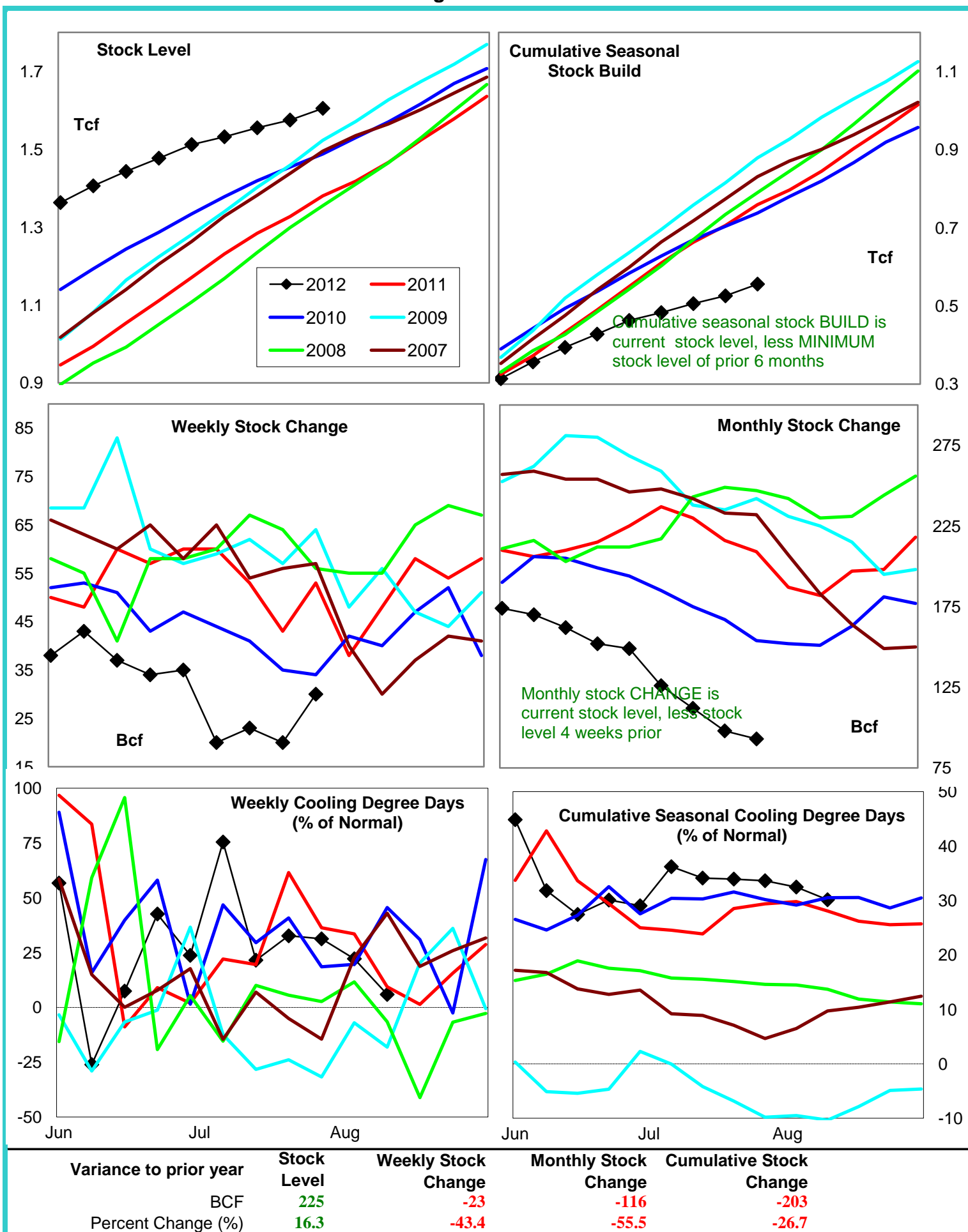
Date:	6-Aug-12	Change vs prior week, month, year		
		31-Jul-12	10-Jul-12	2-Aug-11
1st month Futures	2.86	-0.35	0.12	-1.08
% change	xxxxx	-10.9	4.5	-27.4



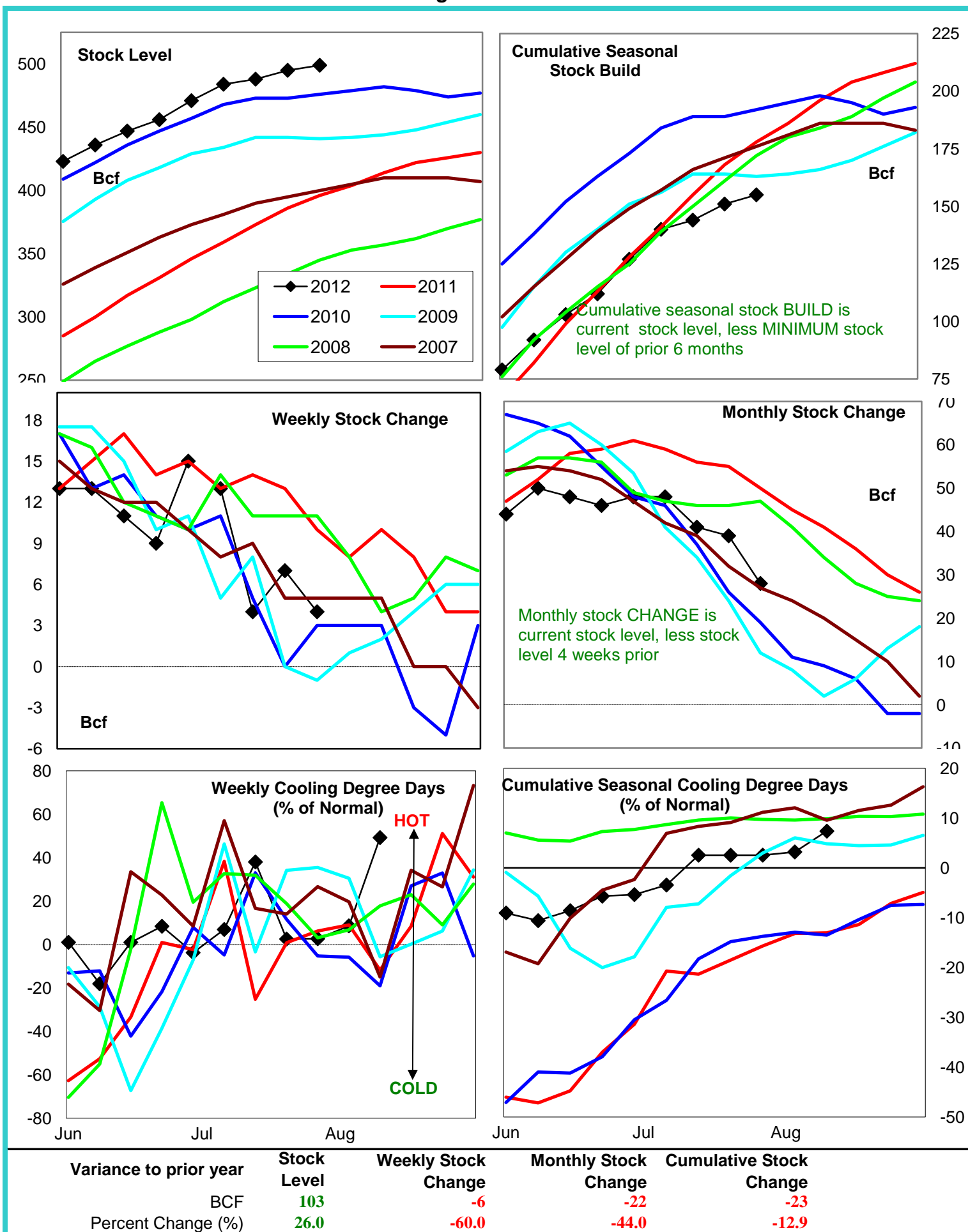
United States Natural Gas Stock and Weather Trends



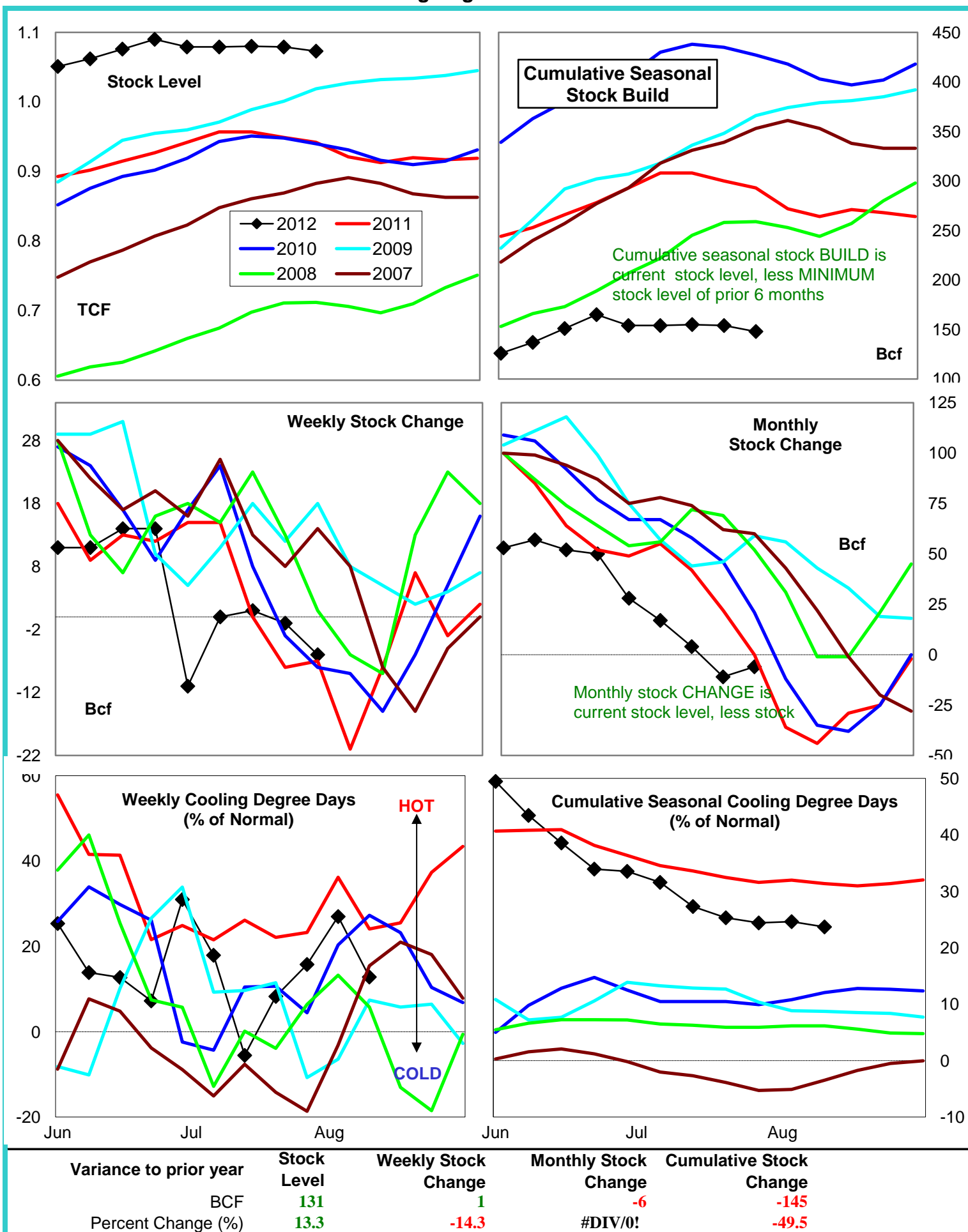
Natural Gas East Region Stock and Weather Trends



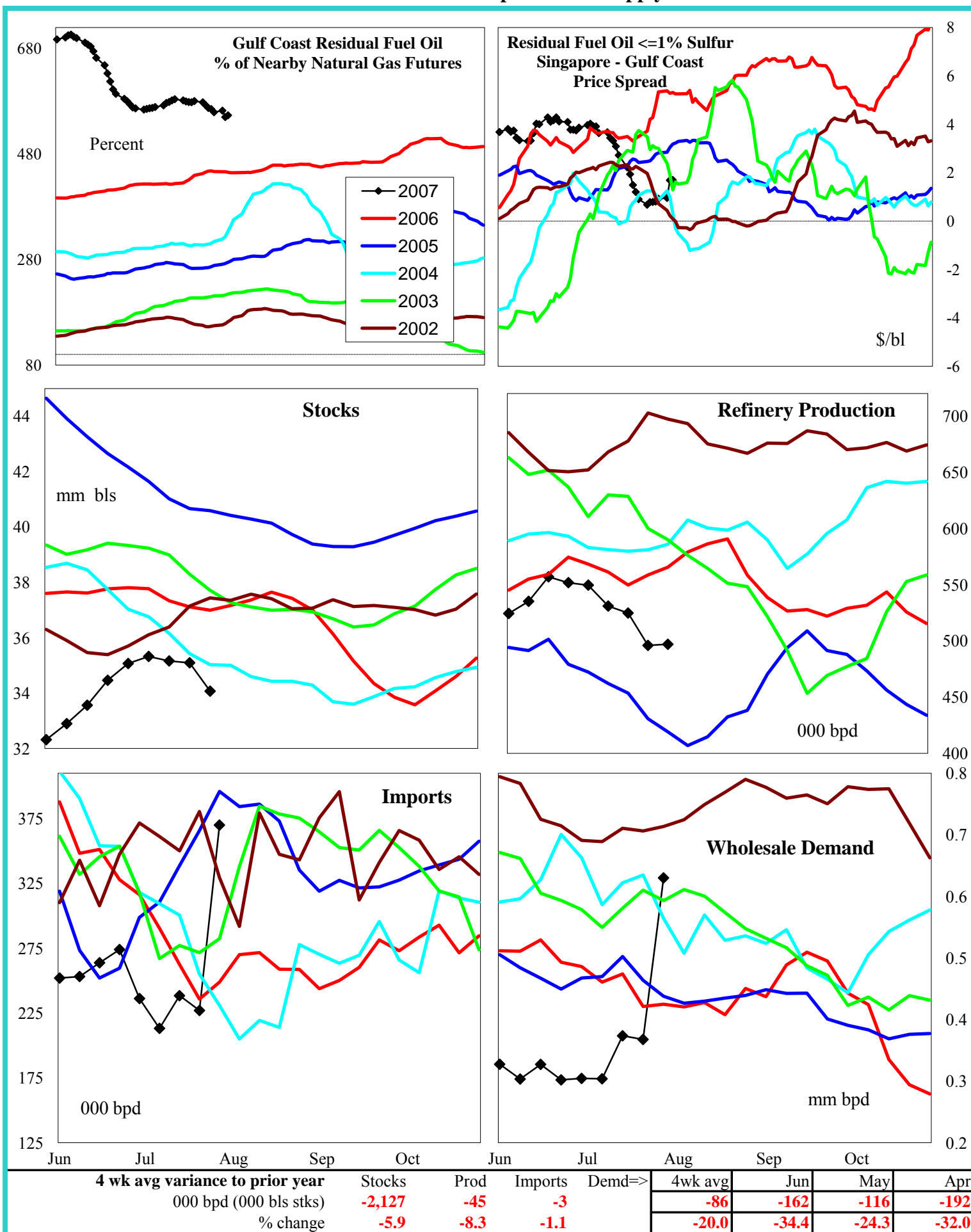
Natural Gas West Region Stock and Weather Trends



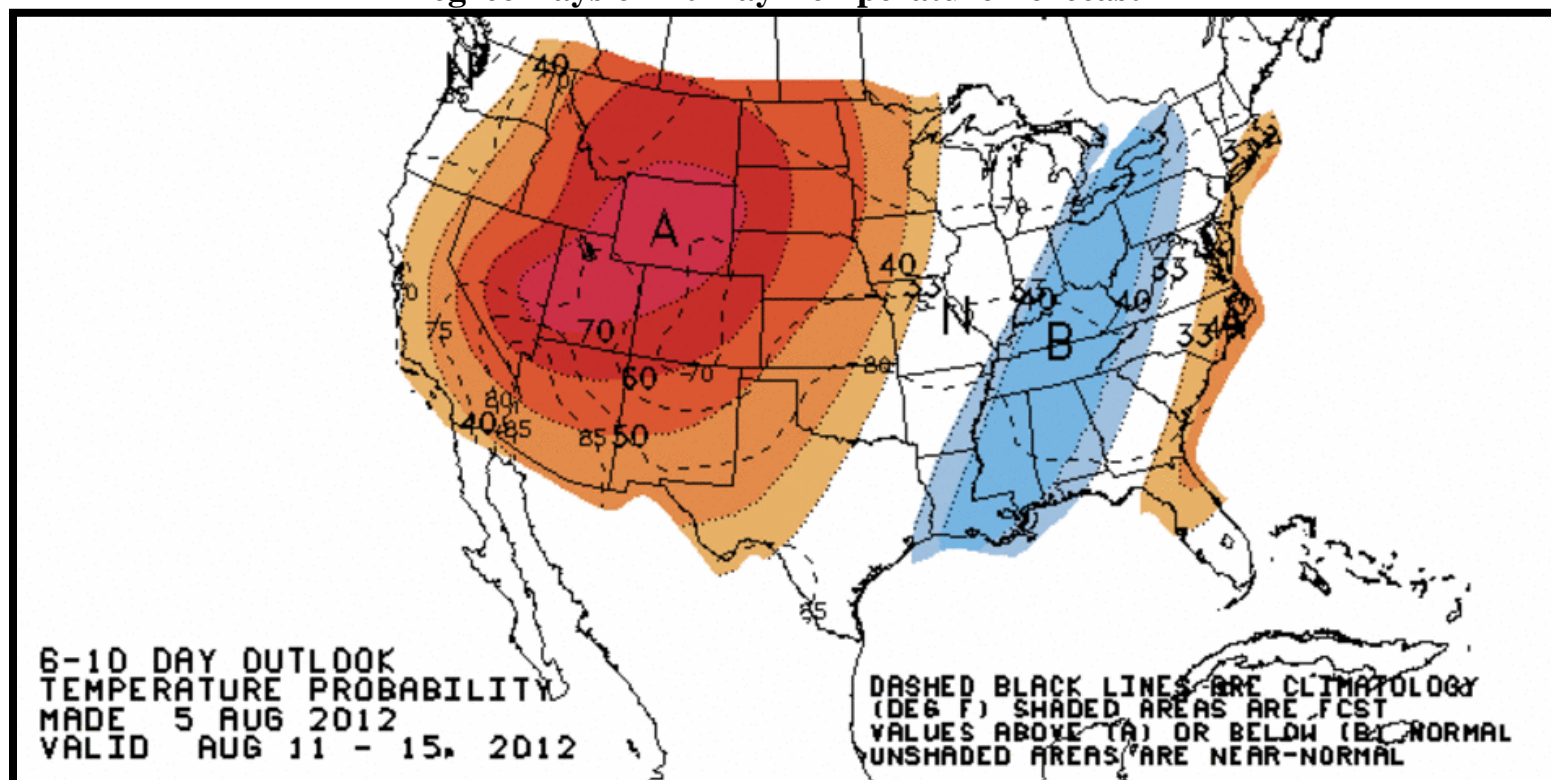
Natural Gas Producing Region Stock and Weather Trends



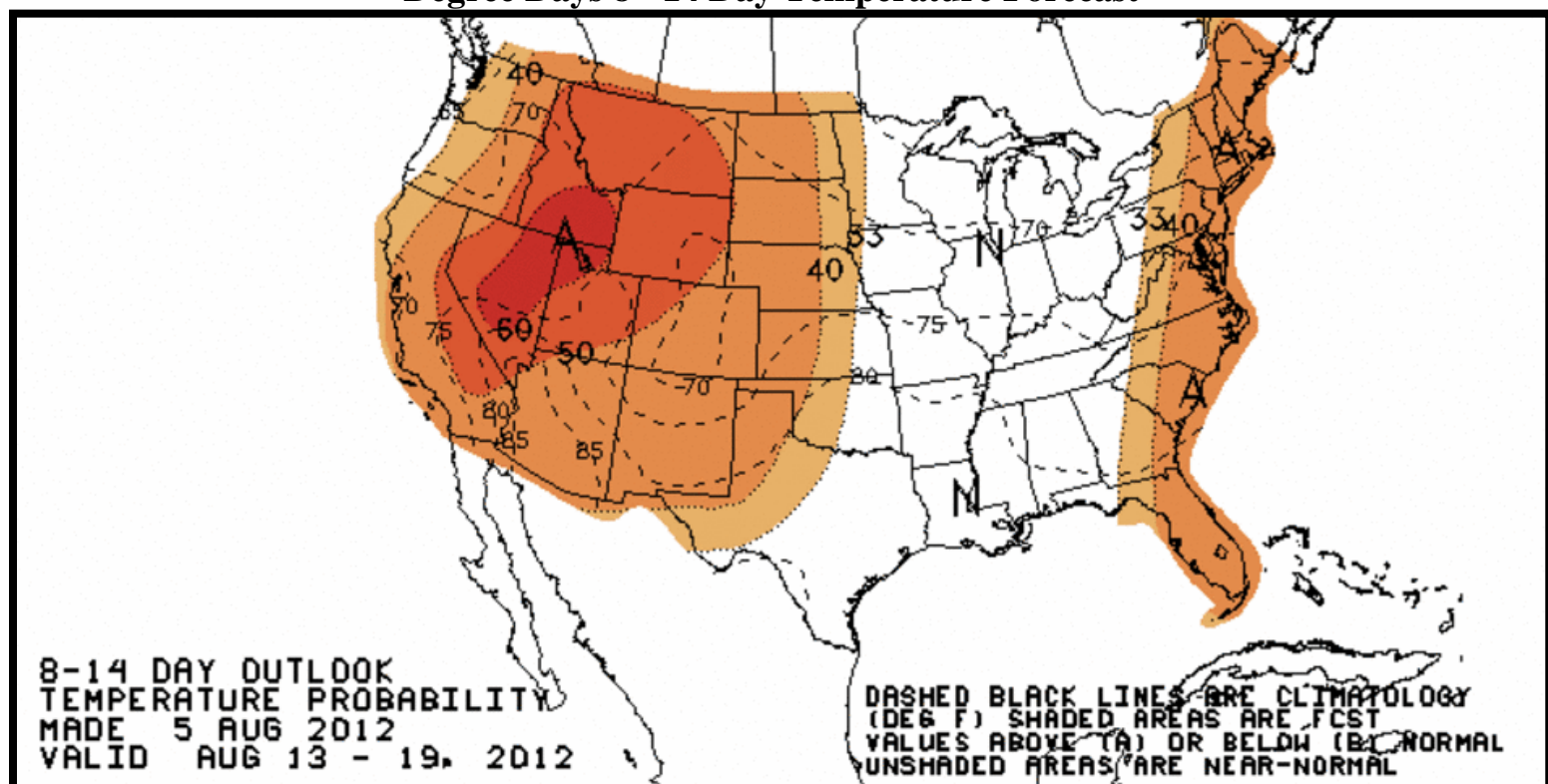
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

