

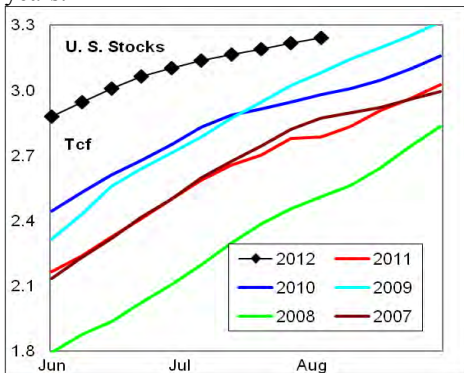
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

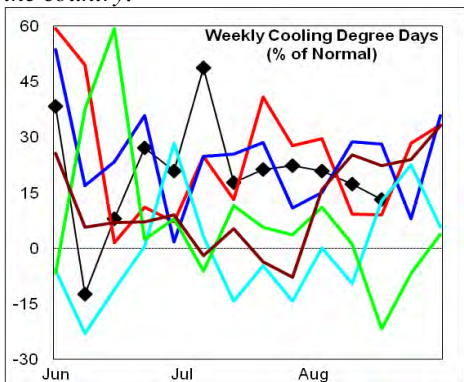
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, August 13, 2012



**Summary**<sup>1</sup> The stock build of +24 Bcf for the week matched the average of the last 2-years.



The 6-8 and 10-14 day cooling degree day forecast is for much below normal cooling degree days across the central 2/3rds of the country.



In the East Region stocks increased +30 Bcf for the week, -10 Bcf near the average of the last 2-years. Stocks decreased -1 Bcf in the West Region, compared to an average build of +3 Bcf for the last 2-years. Stocks decreased -5 Bcf in the Producing Region compared to an average draw of -10 Bcf during the last 2-years.

Cooling degree days were +22% above normal in the East Region, +9% above normal in the West Region and +27% above normal for the week ending 04Aug12.

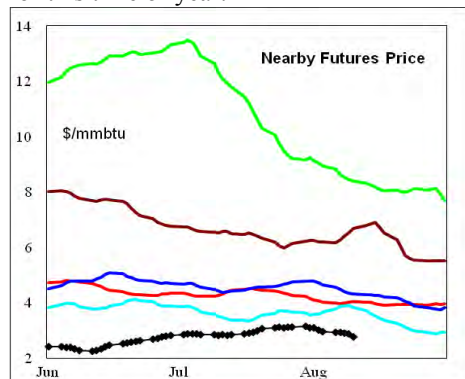
Cooling degree days were +21% above normal for the week ending 04Aug12, +17% above normal for the week ending 11Aug12 and forecast to be +13% above

normal for the current week.

The 6-10 day NWS forecast for the week ending 22Aug12 is for much below normal cooling degree days in the central 2/3rds of the country.

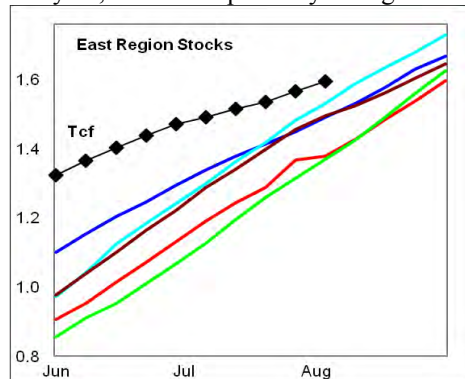
The 8-14 day NWS forecast for the week ending 26Aug12 is for below normal cooling degree days in central 2/3rds of the country.

**Prices:** Nearby gas futures prices decreased -\$0.11/mmbtu for the week ending 10Aug12. The current price is -\$0.87/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 lower for the week ending 10Aug12 (increasing carry), ending at a level which exceeded the last 2-years.

**East Region** stocks increased +30 Bcf for the week, at the average of the last 2-years. The current stock level was +15% above last year, and above prior 5-year highs.

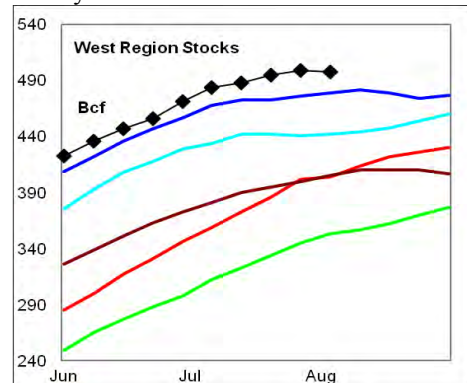


Cooling degree days in the region were +22% above normal for the week ending 04Aug12, +9% above normal for the week ending 11Aug12 and forecast to be +4% above normal this week. Cooling degree days are forecast to be well below normal in the region for the next 10-days.

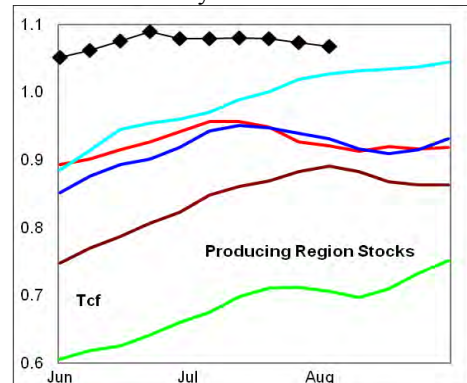
**West Region** stocks decreased -1 Bcf on the week, compared to an average build of +3 Bcf during the last 2-years. Stock levels ended the week +23% above last year and above the 5-year range. The

latest 4-wk stock build was above two of the last 3-years.

Cooling degree days were +9% above normal for the week ending 04Aug12, +48% above normal for the week ending 11Aug12 and forecast to be +54% above normal this week. Cooling degree days are forecast to be above normal for the next 10-days.



**Producing Region** stocks decreased -5 Bcf for the week, less than the average of the last 2-years. Stock levels ended the week +15% above last year.



Cooling degree days were +27% above normal for the week ending 04Aug12, +13% above normal for the week ending 11Aug12 and forecast to be +5% above normal this week. Below 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 -23% below last year.

**Outlook:** Forecast of much below normal cooling degree days across the central 2/3rds of the country for the 2nd half of August should reduce natural gas demand for electric power generation. Look for price weakness on below normal cooling degree day forecast and start of the shoulder season.

### <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: August 13, 2012

For the week ending: 3-Aug-12

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

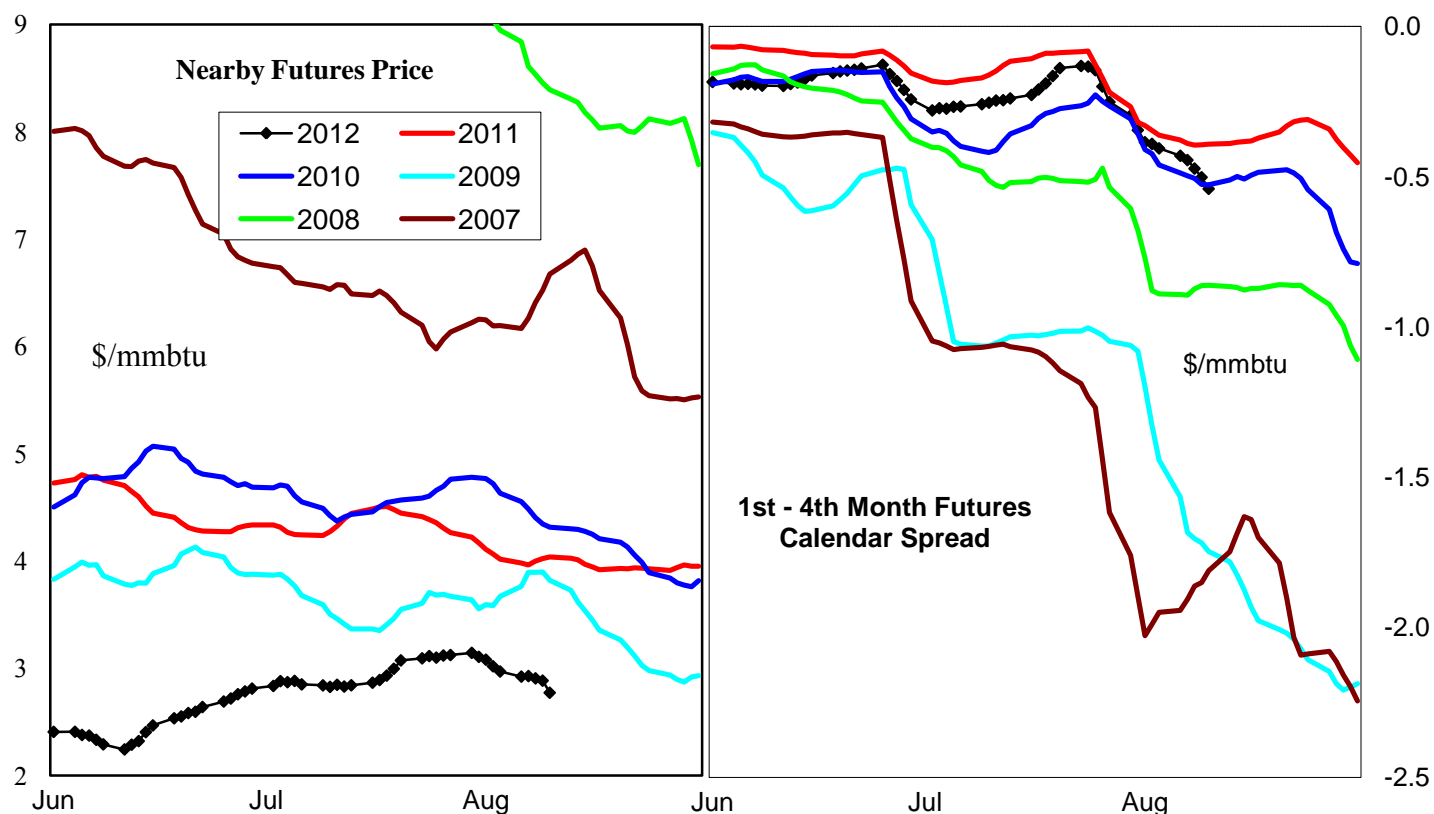
Week ending:	3-Aug-12			4-Aug-12		11-Aug-12		18-Aug-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,241	24	16.5	-2	21%	-5	17%	-9	13%
East	1,635	30	15.3	-8	22%	-13	9%	-10	4%
West	498	-1	23.3	4	9%	20	48%	-5	54%
Producing	1,108	-5	15.3	11	27%	-17	13%	-13	5%

### Seasonal Trends in Stocks and Cooling Degree Days

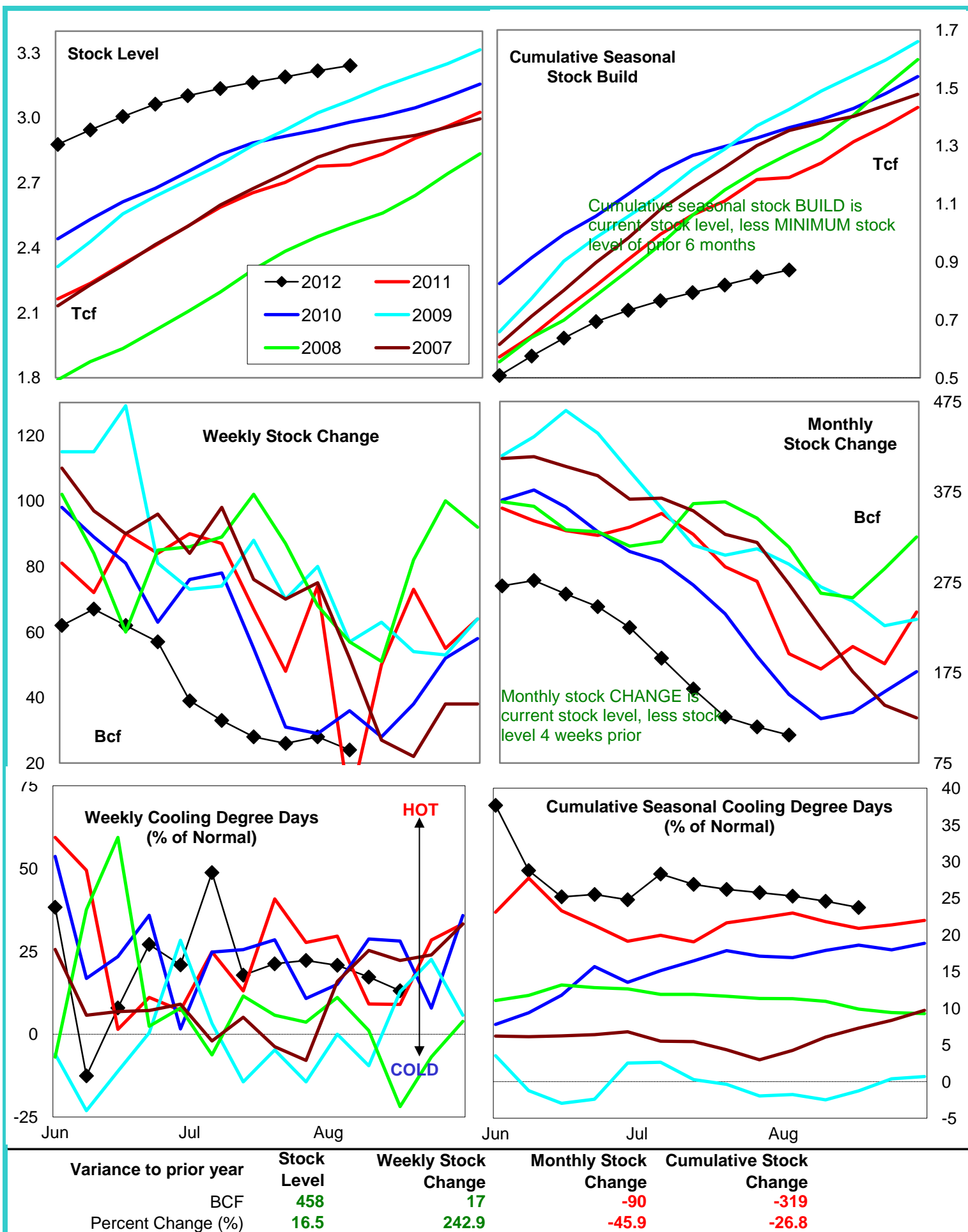
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
<b>U.S. Total</b>	<b>872</b>	<b>-319</b>	<b>-36.6</b>	<b>194</b>	<b>25%</b>	<b>207</b>	<b>25%</b>	<b>215</b>	<b>24%</b>
<b>East</b>	<b>586</b>	<b>-211</b>	<b>-36.0</b>	<b>336</b>	<b>32%</b>	<b>351</b>	<b>30%</b>	<b>357</b>	<b>28%</b>
<b>West</b>	<b>154</b>	<b>-32</b>	<b>-20.8</b>	<b>17</b>	<b>3%</b>	<b>44</b>	<b>7%</b>	<b>71</b>	<b>11%</b>
<b>Producing</b>	<b>143</b>	<b>-129</b>	<b>-90.2</b>	<b>336</b>	<b>25%</b>	<b>351</b>	<b>24%</b>	<b>357</b>	<b>22%</b>

### Futures Market Price Trends

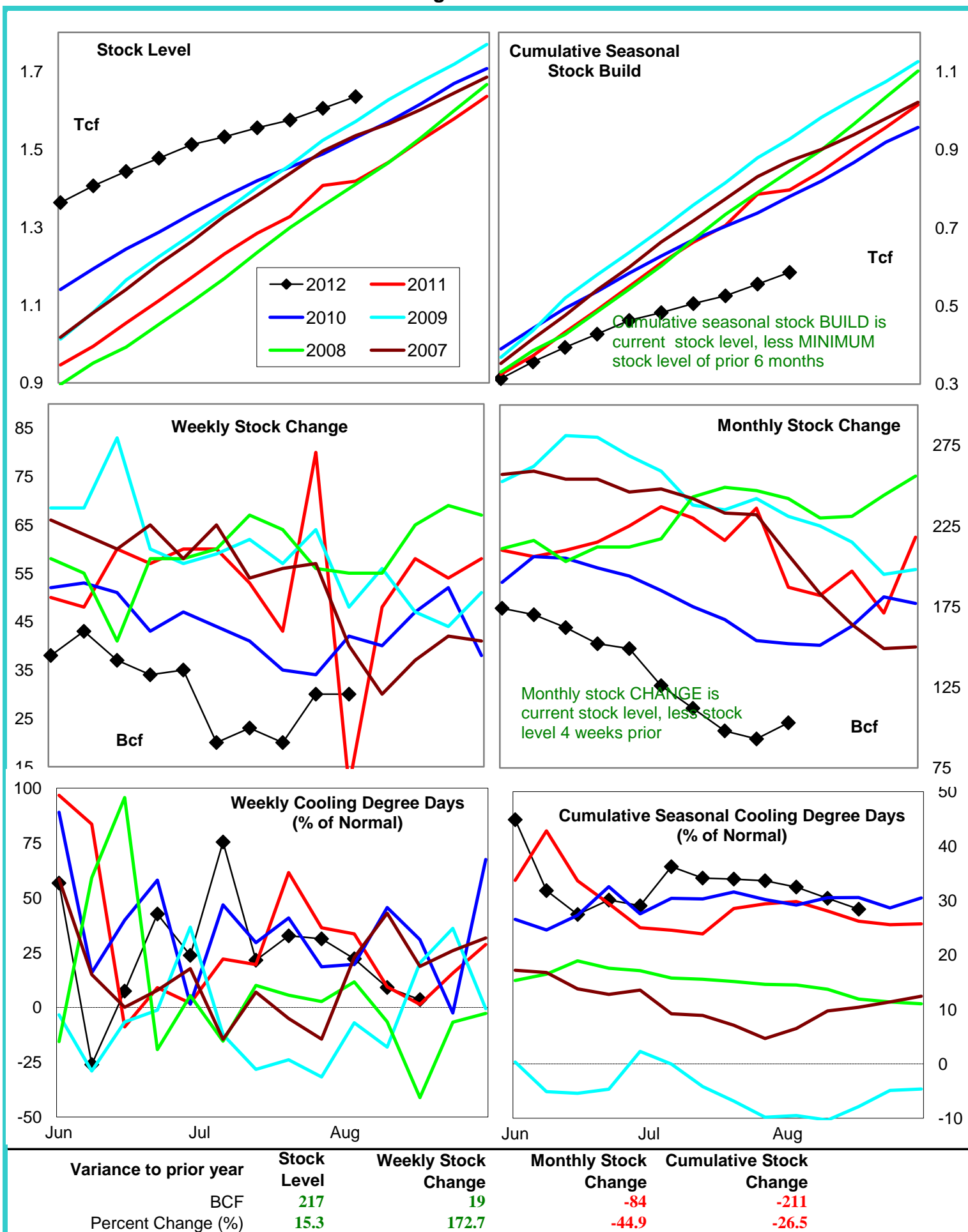
Date:	10-Aug-12	Change vs prior week, month, year		
		6-Aug-12	16-Jul-12	8-Aug-11
<b>1st month Futures</b>	<b>2.77</b>	<b>-0.14</b>	<b>-0.03</b>	<b>-1.16</b>
<b>% change</b>	xxxxx	<b>-4.7</b>	<b>-1.1</b>	<b>-29.5</b>



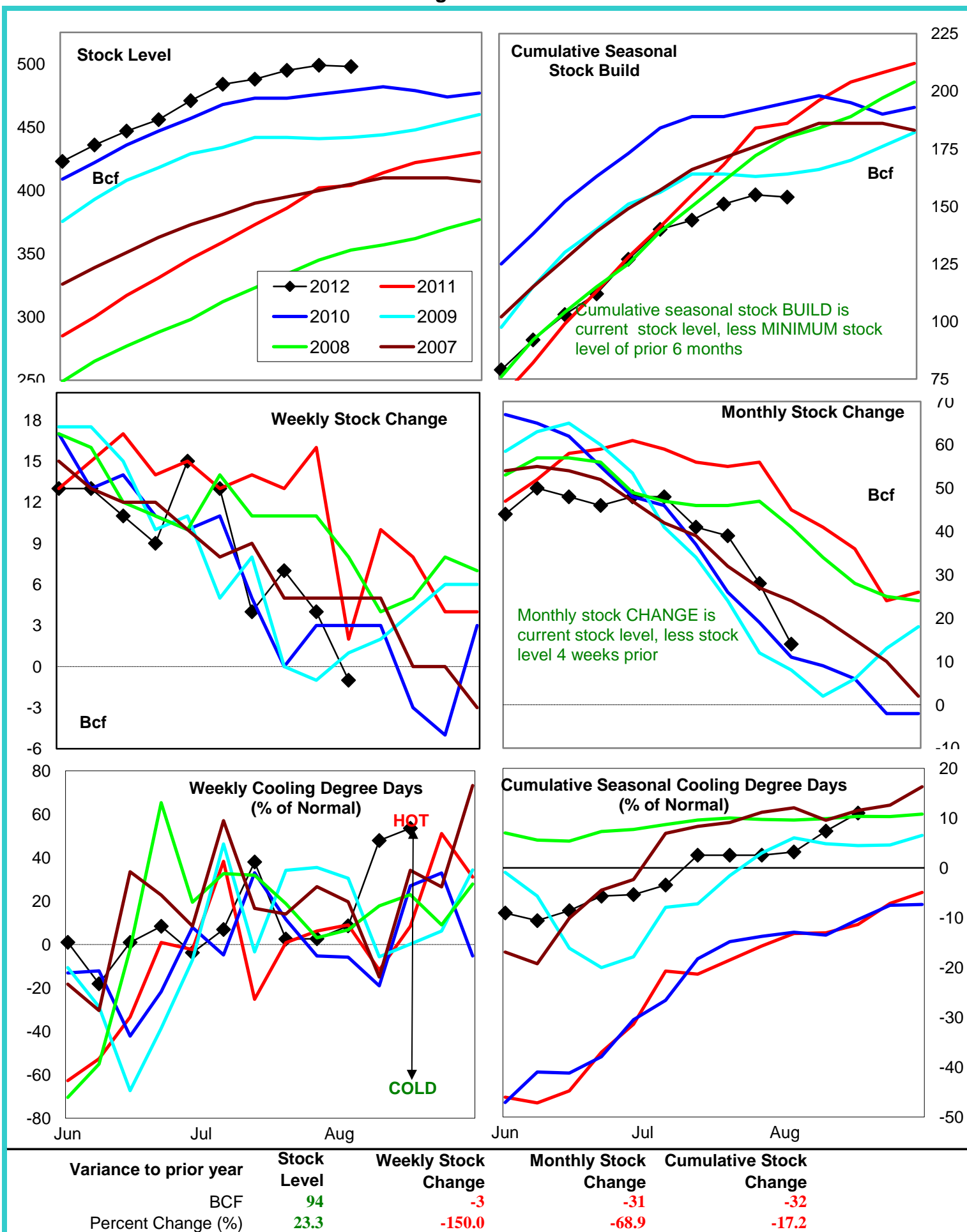
# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends

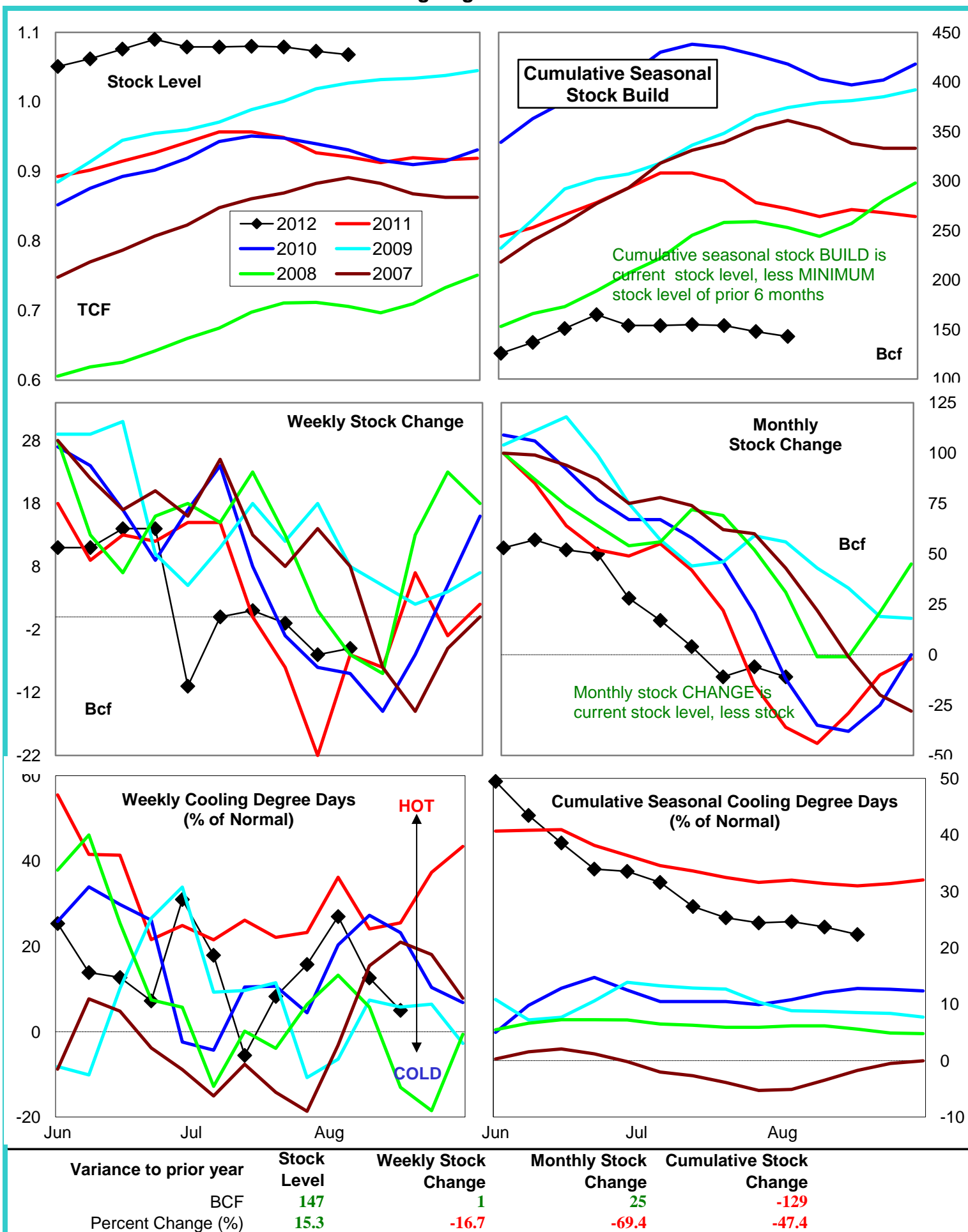


# Natural Gas West Region Stock and Weather Trends

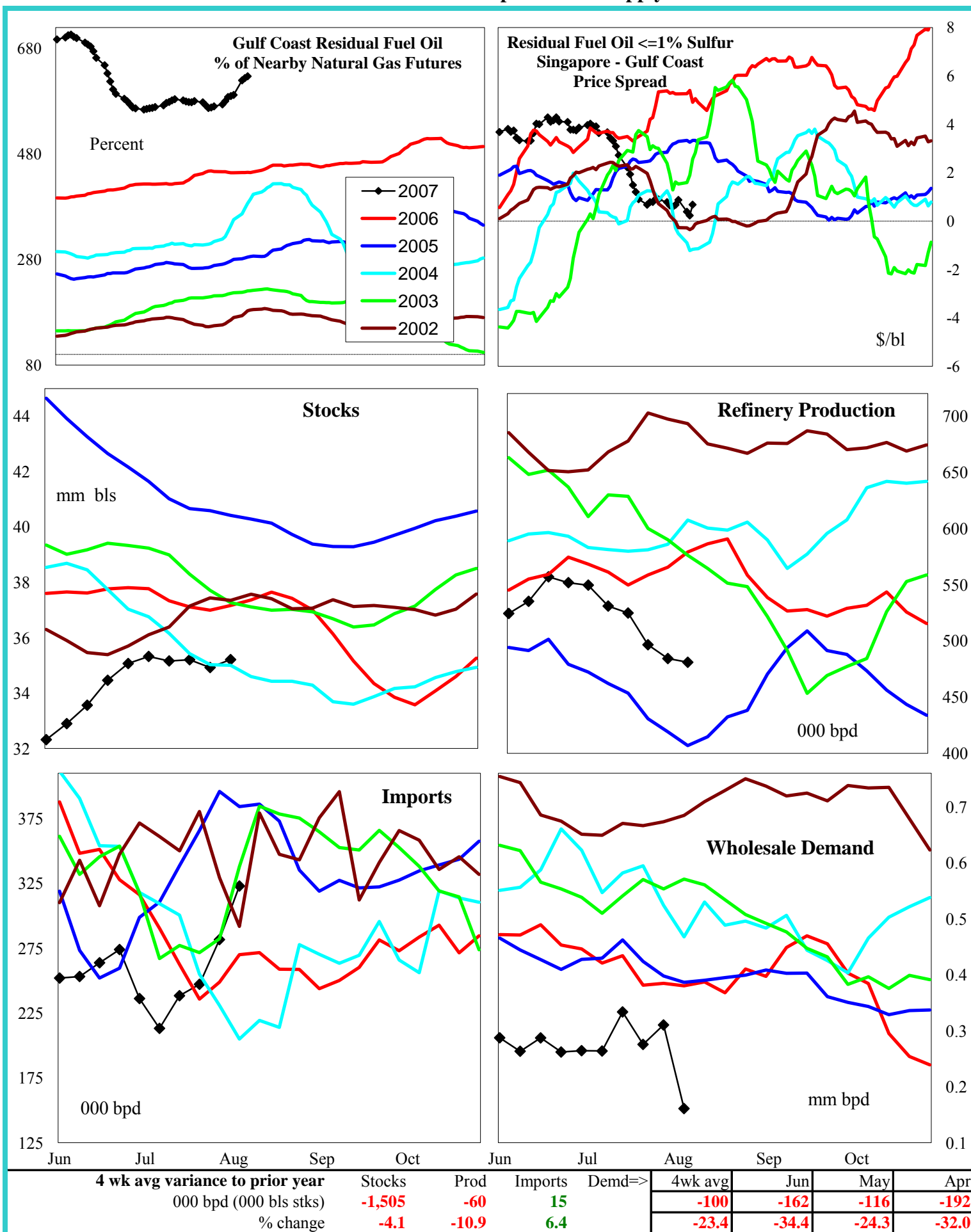




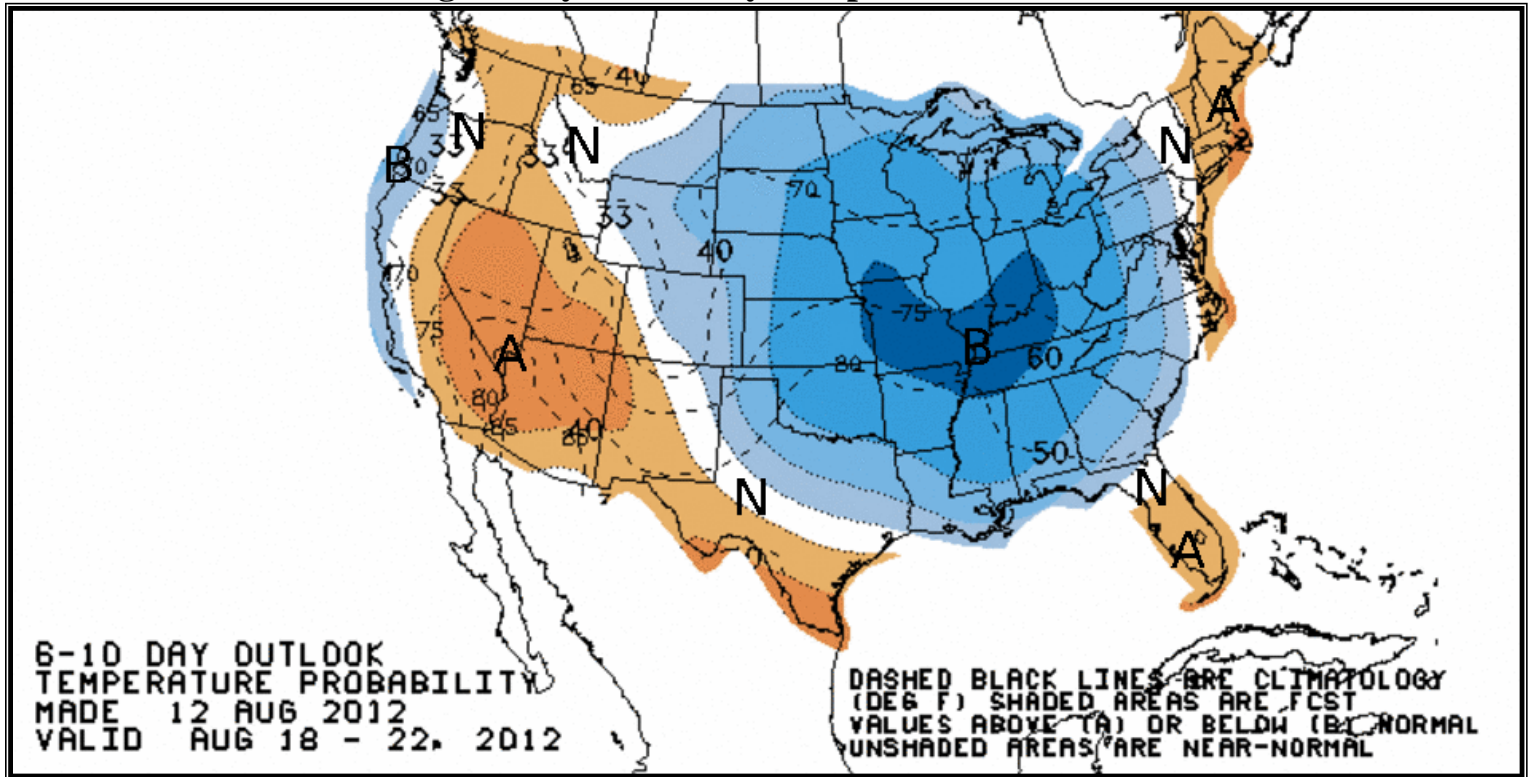
# Natural Gas Producing Region Stock and Weather Trends



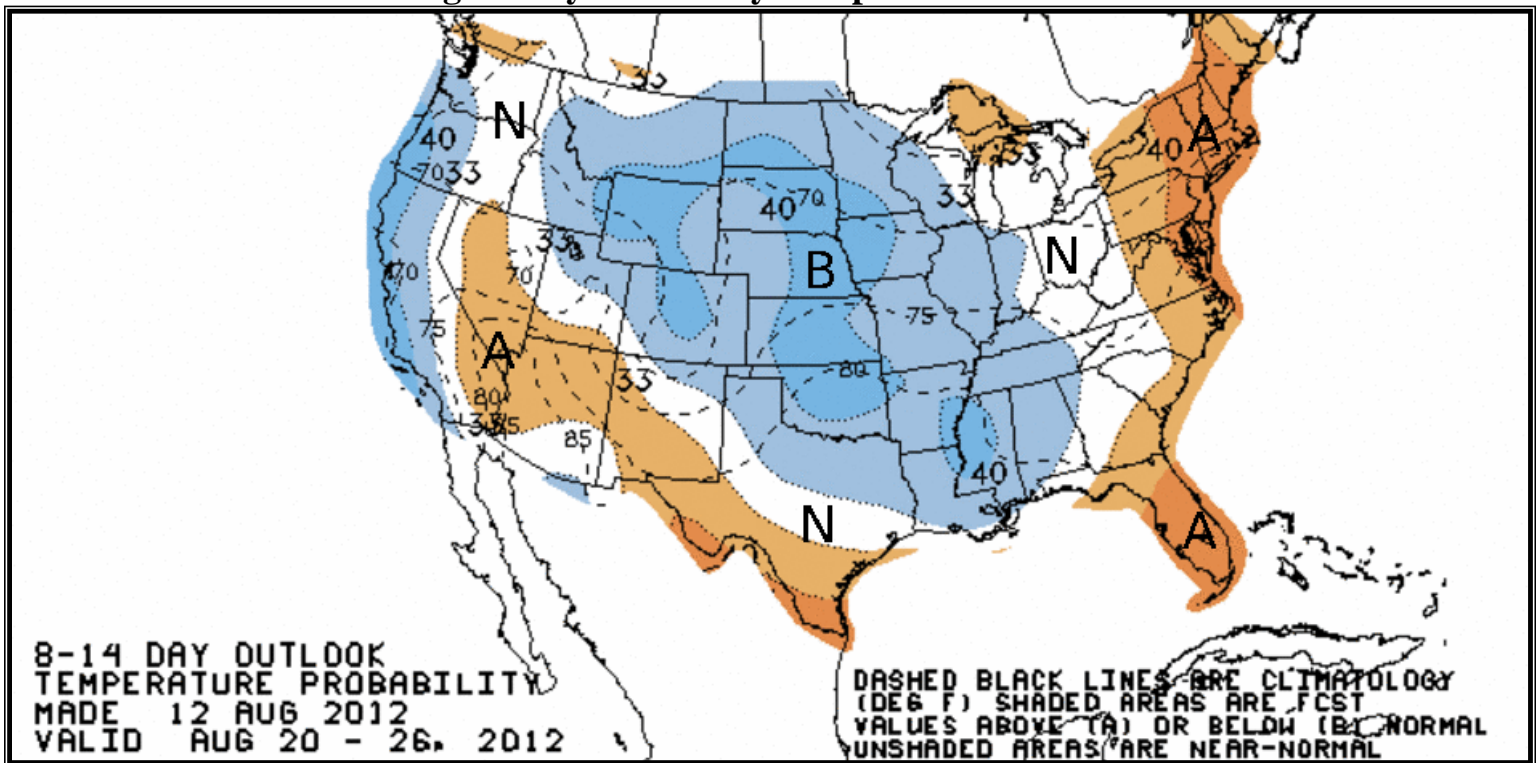
# U.S. Residual Fuel Oil Price Spreads and Supply Balance



### 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

