



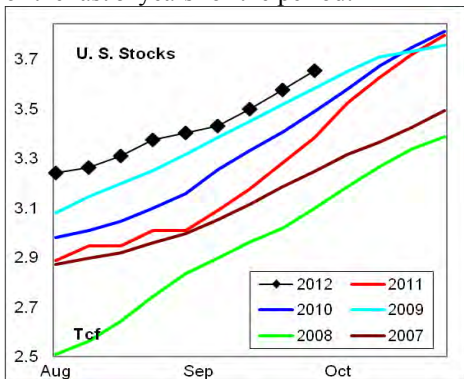
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

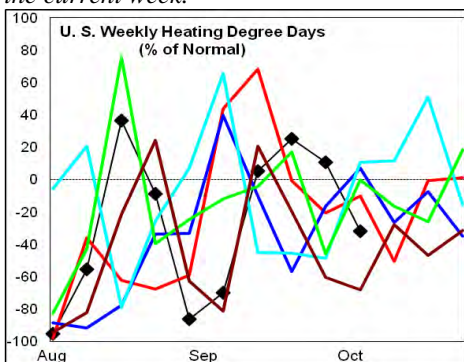
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, October 04, 2012



**Summary**<sup>1</sup> The stock build of +77 Bcf for the week was comparable to the mid range of the last 5-years for the period.



Heating degree days for the week ending 29Sep12 were +11% above normal, and are forecast to be -32% below normal for the current week.



In the East Region stocks increased +42 Bcf for the week, a level below the mid range for the week. Stocks increased +8 Bcf in the West Region, a level also below the mid range. Stocks increased +27 Bcf in the Producing Region, a build that was comparable to the last 2-years.

Heating degree days were +21% above normal in the East Region, -24% below normal in the West Region and -43% below normal in the Producing Region for the week ending 29Sep12.

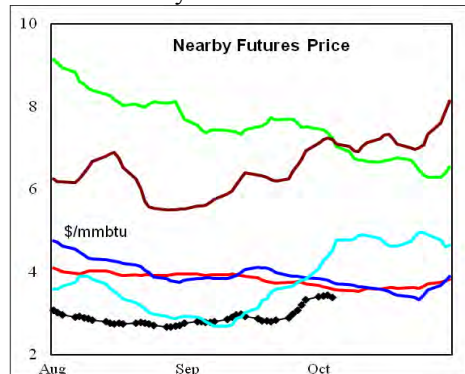
**Heating degree days** were +11% above normal for the week ending 29Sep12, and forecast to be -32% below normal for the week ending 06Oct12.

The 6-10 day NWS forecast for the week ending 13Oct12 is for significantly

above normal heating degree days from New England to the southwest.

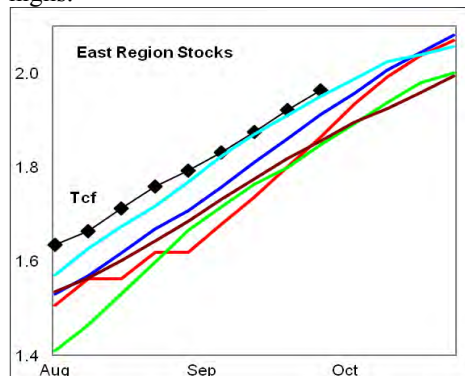
The 8-14 day NWS forecast for the week ending 17Oct12 is for above normal heating degree days in the eastern 1/3rd of the country and above normal temperatures in the northwest.

**Prices:** Nearby gas futures prices increased +\$0.08/mmbtu for the week ending 04Oct12. The current price is -\$0.26/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 04Oct12, ending at a level above the 5-year range.

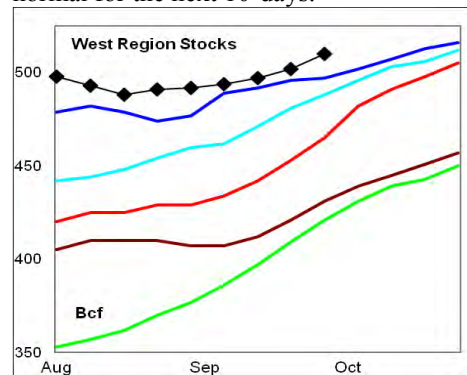
**East Region** stocks increased +4 Bcf for the week, a level below the mid range for the week. The current stock level was +5% above last year, and equal to 5-year highs.



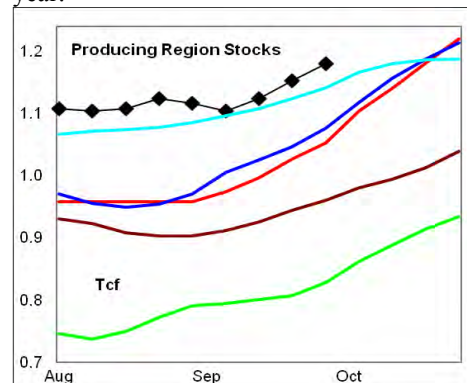
Heating degree days in the region were +21% above normal for the week ending 29Sep12, and forecast to be -35% below normal this week. Heating degree days are forecast to be significantly above normal in the region for the next 10-days.

**West Region** stocks increased +8 Bcf on the week, a level below the mid range. Stock levels ended the week +10% above last year and above the 5-year range. The latest 4-wk stock change was a build of +18 Bcf, a level below the that matched 5-year lows. Heating degree days were -

24% below normal for the week ending 29Sep12, and forecast to be -22% below normal for the current week. Heating degree days are forecast to be above normal for the next 10-days.



**Producing Region** stocks increased +27 Bcf for the week, a build that was comparable to the last 2-years. Stock levels ended the week +12% above last year.



Heating degree days were -43% below normal for the week ending 29Sep12, and forecast to be -11% below normal for the current week. Below normal heating 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 -43% below last year.

**Outlook:** Much colder than normal temperatures are forecast for mid October across the Great Lakes, Northeast, central states and even the southwest. Spot prices have increased to reflect this start of fall heating season. Look for prices to remain at the low end of the historic range on slow economic growth, high stocks, excess production capacity; partially offset by increased fuel switching from coal and liquid fuels.

### <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: October 4, 2012

For the week ending: 28-Sep-12

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

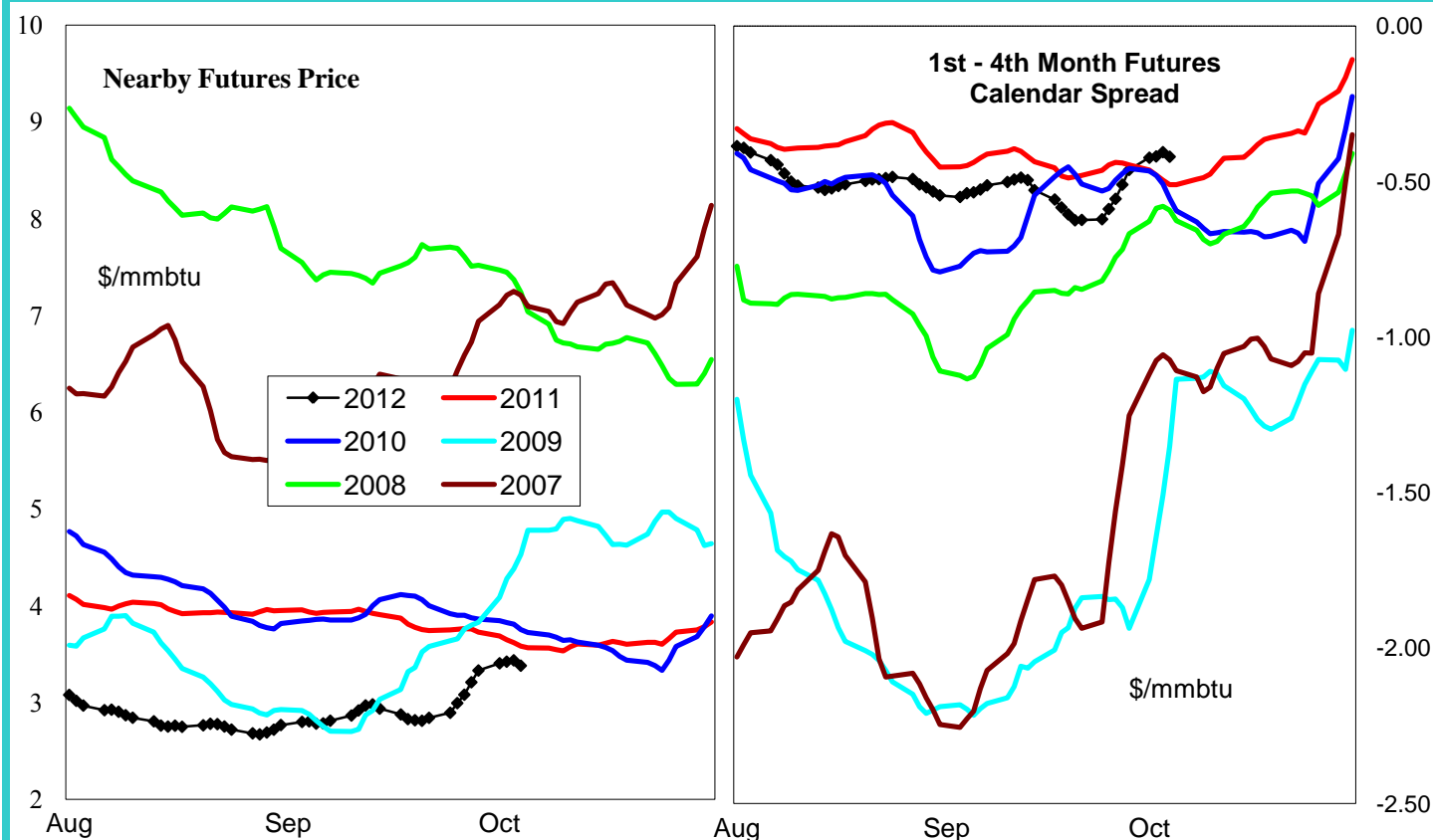
Week ending:	28-Sep-12			22-Sep-12		29-Sep-12		6-Oct-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,653	77	8.0	14	25%	8	11%	-6	-32%
East	1,963	42	5.3	19	37%	11	21%	-13	-35%
West	510	8	9.7	9	-24%	6	-24%	8	-22%
Producing	1,180	27	12.1	0	4%	-1	-43%	7	-11%

### Seasonal Trends in Stocks and Heating Degree Days

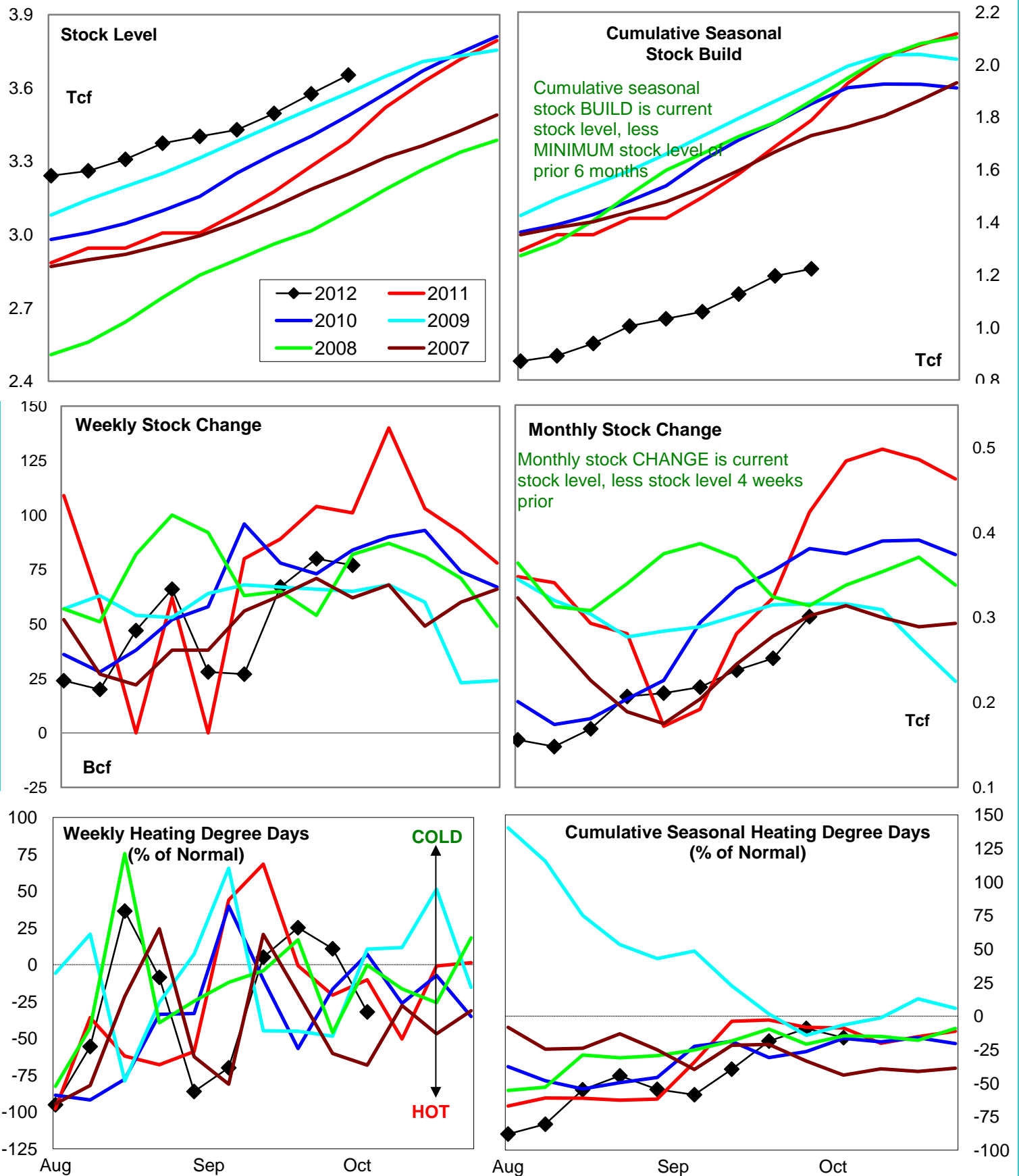
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>1,223</b>	<b>-566</b>	<b>-46.3</b>	<b>29</b>	<b>-18.7</b>	<b>38</b>	<b>-9.2</b>	<b>31</b>	<b>-16.1</b>
<b>East</b>	<b>890</b>	<b>-353</b>	<b>-39.7</b>	<b>36</b>	<b>-8.7</b>	<b>48</b>	<b>1.4</b>	<b>35</b>	<b>-10.3</b>
<b>West</b>	<b>166</b>	<b>-81</b>	<b>-48.8</b>	<b>26</b>	<b>-51.3</b>	<b>32</b>	<b>-45.1</b>	<b>41</b>	<b>-40.1</b>
<b>Producing</b>	<b>167</b>	<b>-153</b>	<b>-91.6</b>	<b>6</b>	<b>-9.6</b>	<b>5</b>	<b>-22.3</b>	<b>12</b>	<b>-18.0</b>

### Futures Market Price Trends

Date:	4-Oct-12	Change vs prior week, month, year		
		28-Sep-12	6-Sep-12	10-Oct-11
<b>1st month Futures</b>	<b>3.38</b>	<b>0.06</b>	<b>0.70</b>	<b>-0.21</b>
<b>% change</b>	xxxxx	<b>1.8</b>	<b>26.0</b>	<b>-5.8</b>



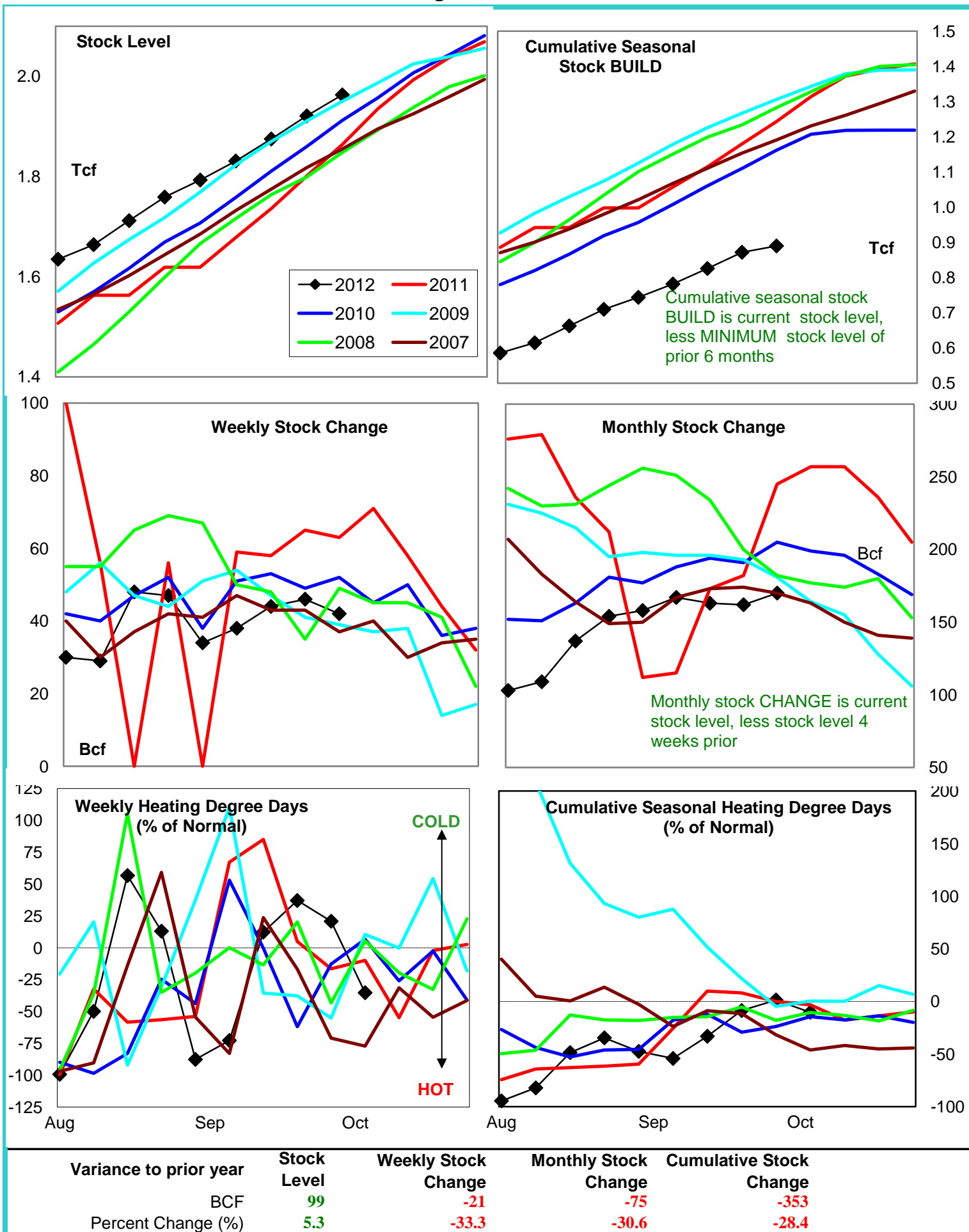
# United States Natural Gas Stock and Weather Trends



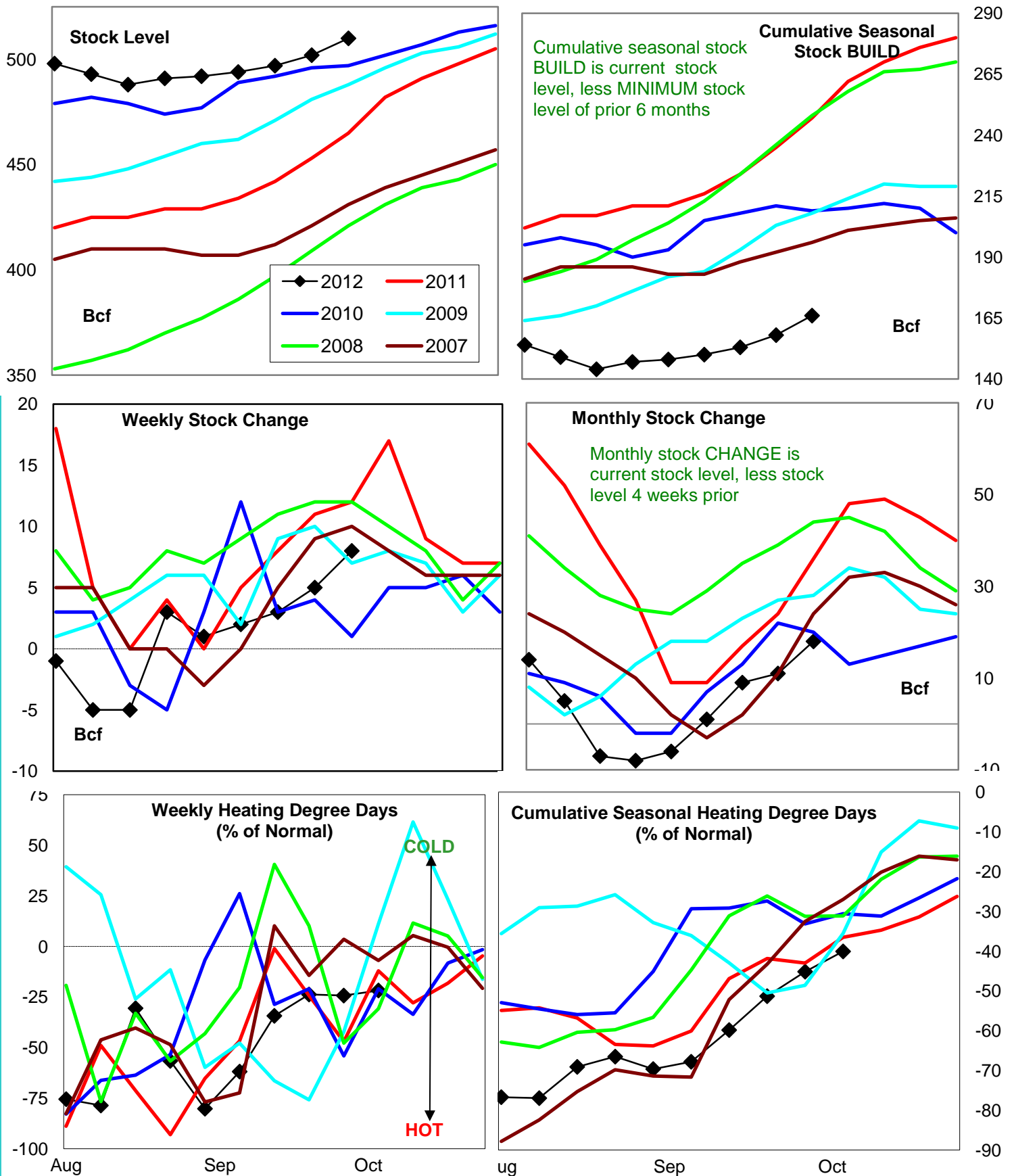
Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)272  
8.0-24  
-23.8-123  
-32.9-566  
-31.6

# Natural Gas East Region Stock and Weather Trends



# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)

45

-4

-18

-81

9.7

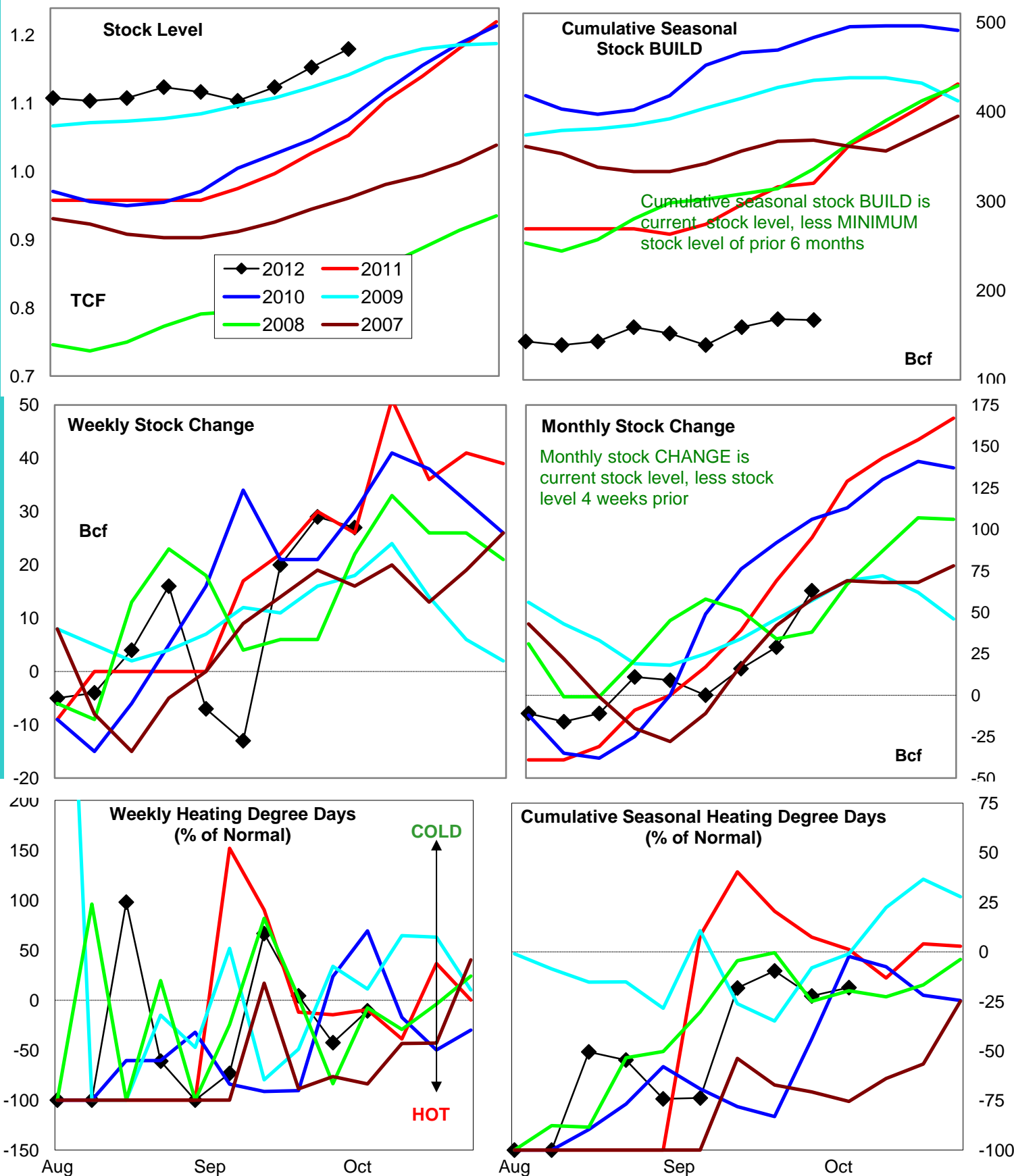
-33.3

-50.0

-32.8



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

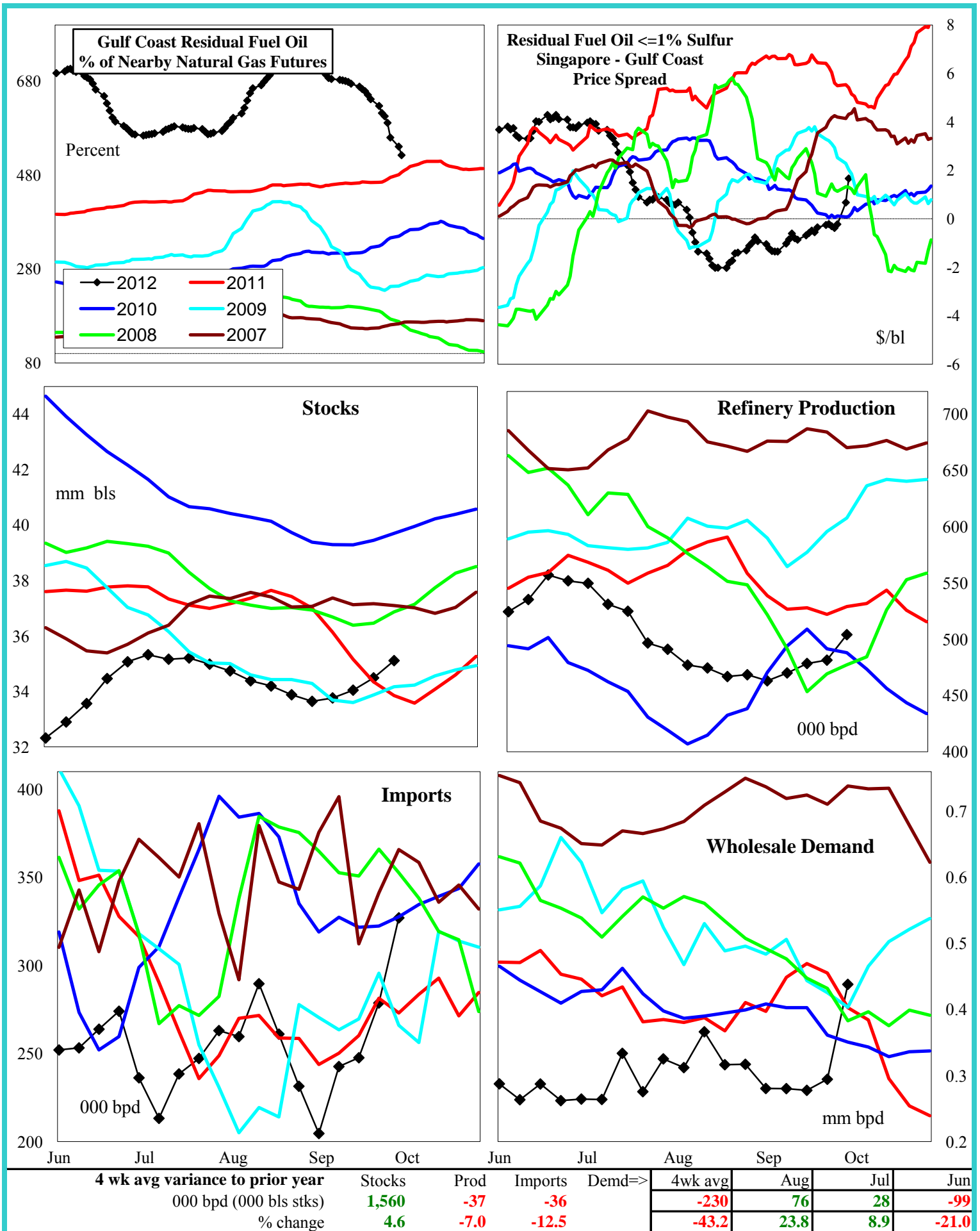
Weekly Stock Change

Monthly Stock Change

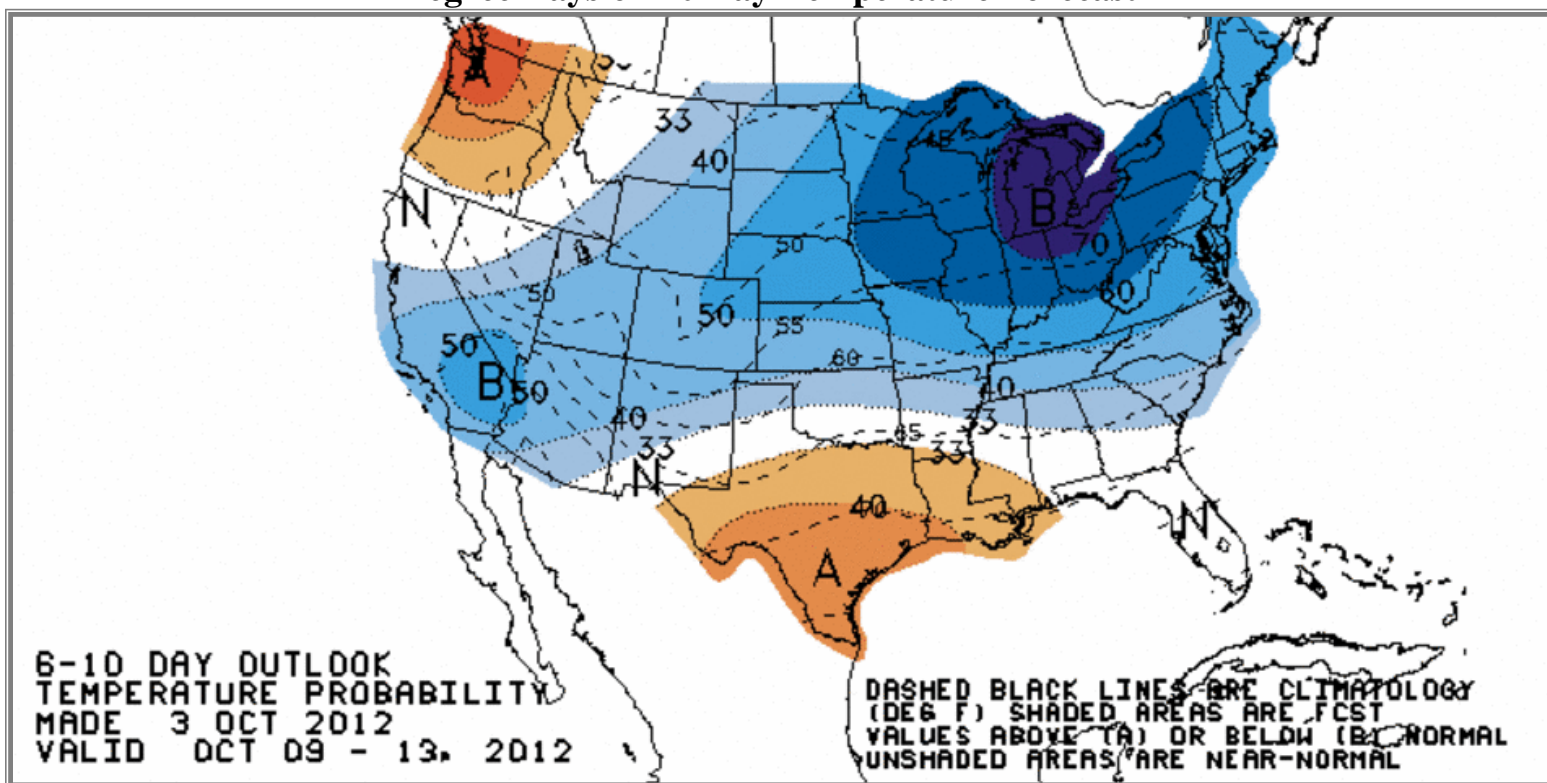
Cumulative Stock Change

BCF  
Percent Change (%)127  
12.11  
3.8-32  
-33.7-153  
-47.8

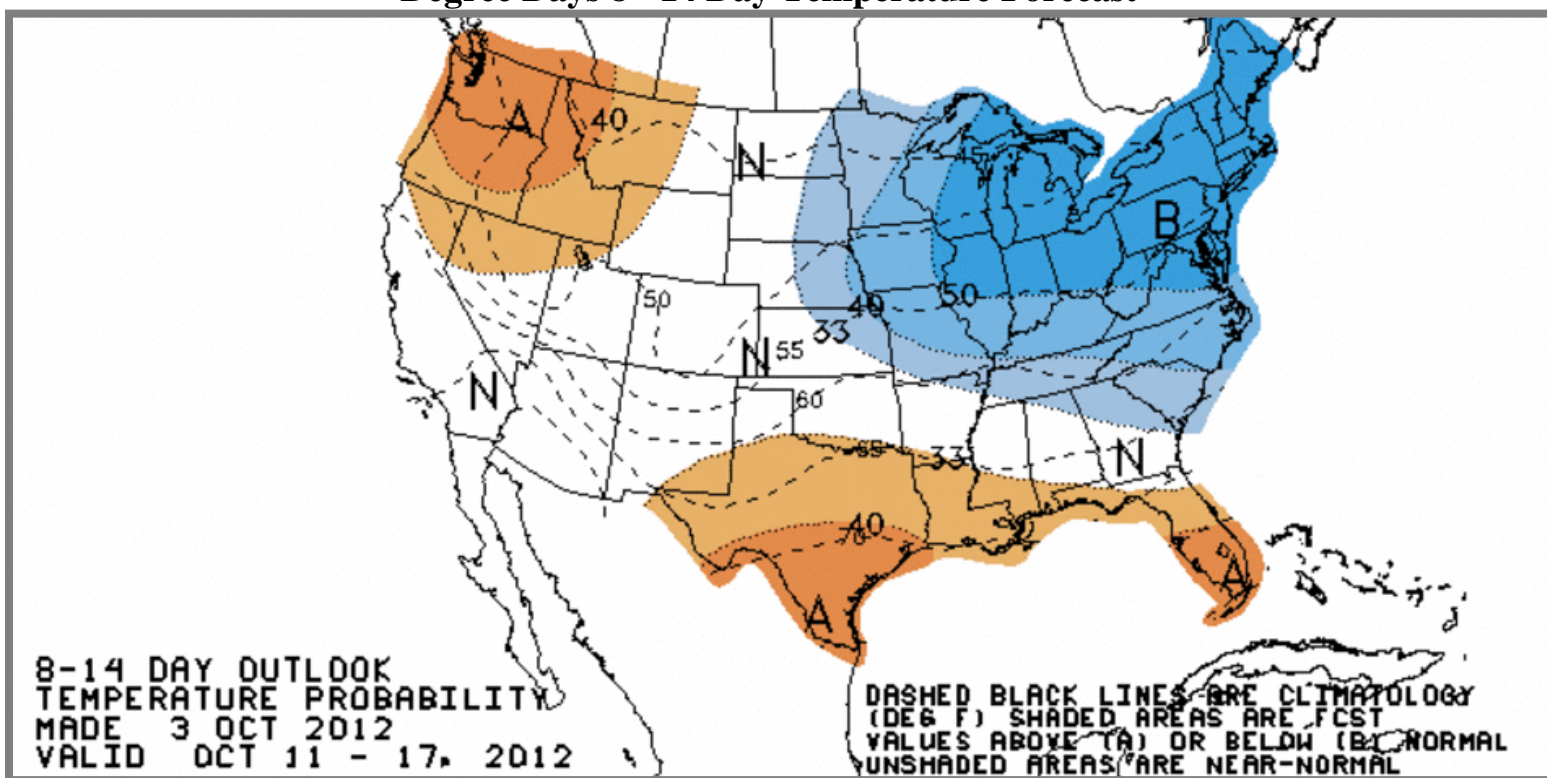
# U.S. Residual Fuel Oil Price Spreads and Supply Balance



### 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

