

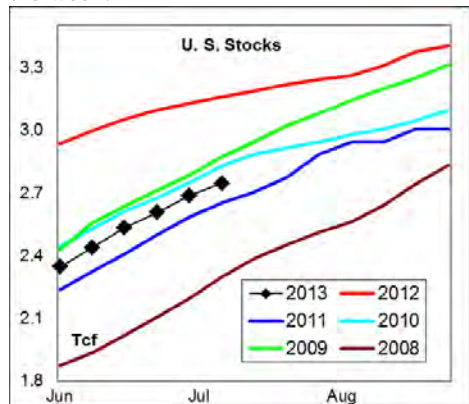
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

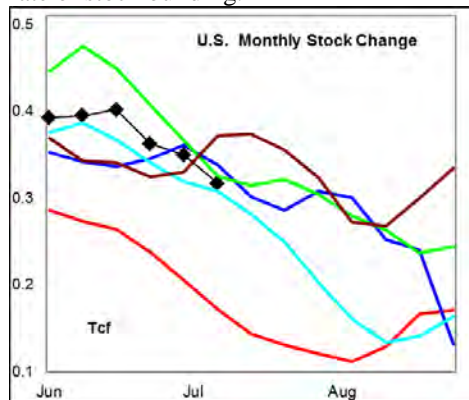
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, July 23, 2013



Summary¹ The stock build of +58 Bcf for the week was below 2 of the last 3-yr for the week.



The latest 4-wk stock change was a build of 316 Bcf, just above the mid range of the last 3-yr for the period. Increased production and near normal cooling degree days continues to drive an above average rate of stock building.



In the East Region stocks increased +37 Bcf for the week, a build less than two of the last 3-yr. Stocks increased +6 Bcf in the West Region, a build at the low end of the historic range for the week. Stocks were +15 Bcf higher on the week in the Producing region, a build near highs of the last 3-yr for the period.

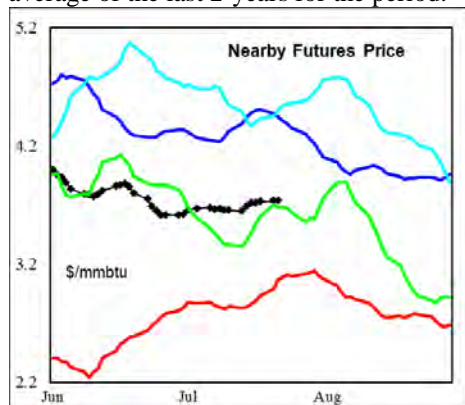
Cooling degree days were significantly above normal in the East region and below normal in the Producing region last week.

The 6-10 day NWS forecast for the week ending 01Aug13 is for above normal

cooling degree days across the western 1/2 of the country and below normal cooling degree days in the eastern 1/2 of the country.

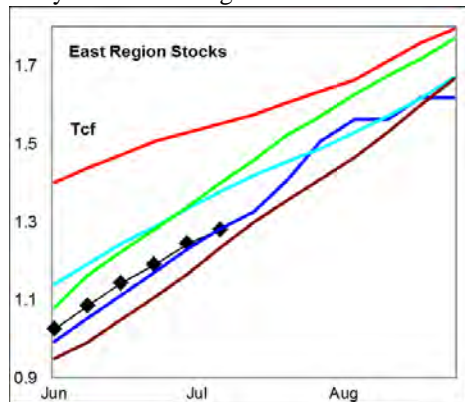
The 8-14 day NWS forecast for the week ending 05Aug13 is for an extension of the 6-10 day forecast; above normal cooling degree days in west, and normal to below normal across the Midwest and eastern regions of the country.

Prices: Nearby gas futures prices increased +\$0.06/MMBTU for the week ending 23Jul13. The current price level is near the average of the last 2-years for the period.



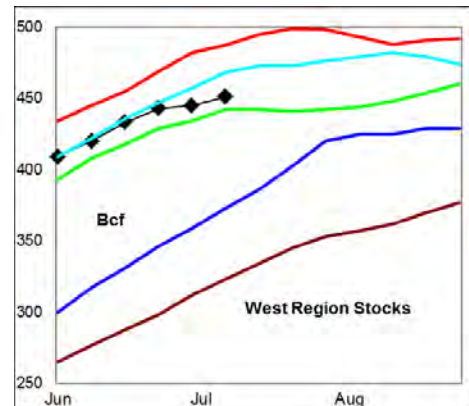
The 1st - 4th month forward price curve traded sideways last week, ending at a level which matched historic highs.

East Region stocks increased +37 Bcf for the week, a build less than 2 of the last 3-yr. The current stock level is -18% below last years' record high.

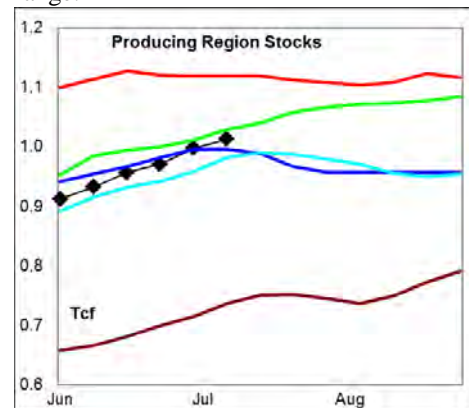


Cooling degree days are forecast to be well below normal in the region for the next 10-days.

West Region stocks increased +6 Bcf last week, a build at the low end of the historic range for the week. Stock levels ended the week -7% below last year. Cooling degree days are forecast to be much above normal for the next 10-days.



Producing Region stocks increased +15 Bcf for the week, a build near highs of the last 3-yr for the period. Stock levels ended the week at the above the 5-year mid range.



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 +7% above last year.

Outlook: The stock build last week fell below the 3-yr average for the week. The latest 4-wk rate of stock build remains above the latest 3-yr average.

Prices have recently traded slightly above 3-month lows on increased summer electric power demand. Near normal cooling degree days across major gas markets east of the Rockies for the next 10-days should lead to above average stock builds.

With the start of hurricane season in the gulf, the risk of supply disruptions has begun. In the absence of hurricane disruptions, there continue to be risk of price weakness on a very well supplied market with above average stock builds.

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: July 23, 2013

For the week ending: 12-Jul-13

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

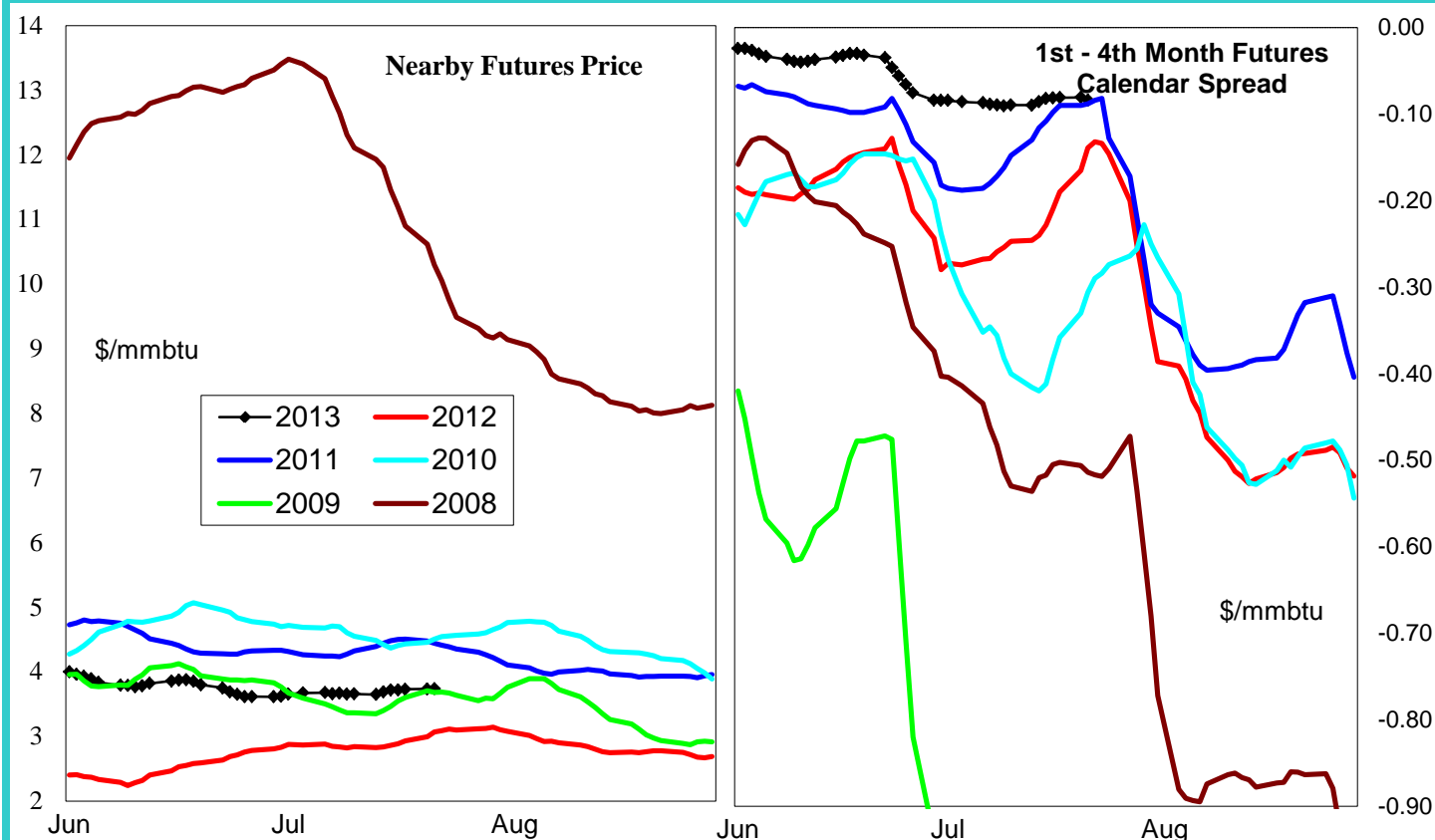
Week ending:	12-Jul-13			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,745	58	-13.1	-14	-45%	-2	-33%	-3	-77%
East	1,281	37	-17.5	-17	-39%	-2	-18%	-4	-74%
West	451	6	-7.4	-12	-58%	-2	-55%	-5	-78%
Producing	1,013	15	-9.6	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

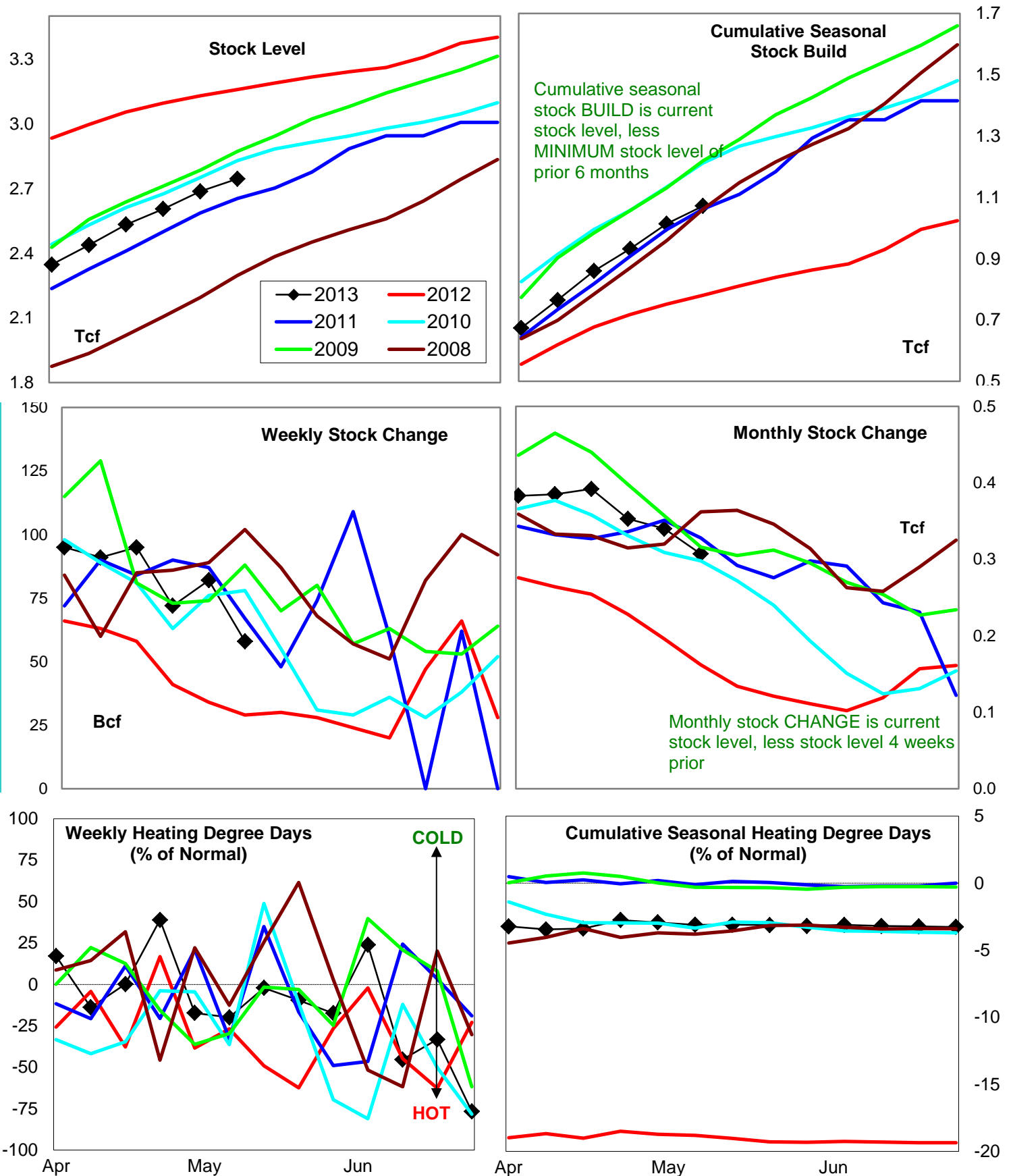
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,072	291	27.1	6	-3.2	4	-3.2	1	-3.3
East	635	133	20.9	6	-2.9	4	-2.9	1	-2.9
West	121	-22	-18.2	10	-4.6	8	-4.7	3	-4.9
Producing	323	168	52.0	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

Date:	23-Jul-13	Change vs prior week, month, year		
		17-Jul-13	26-Jun-13	1-Aug-12
1st month Futures	3.74	0.11	0.09	0.86
% change	xxxxx	3.0	2.5	29.9



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-414

29

145

291

Percent Change (%)

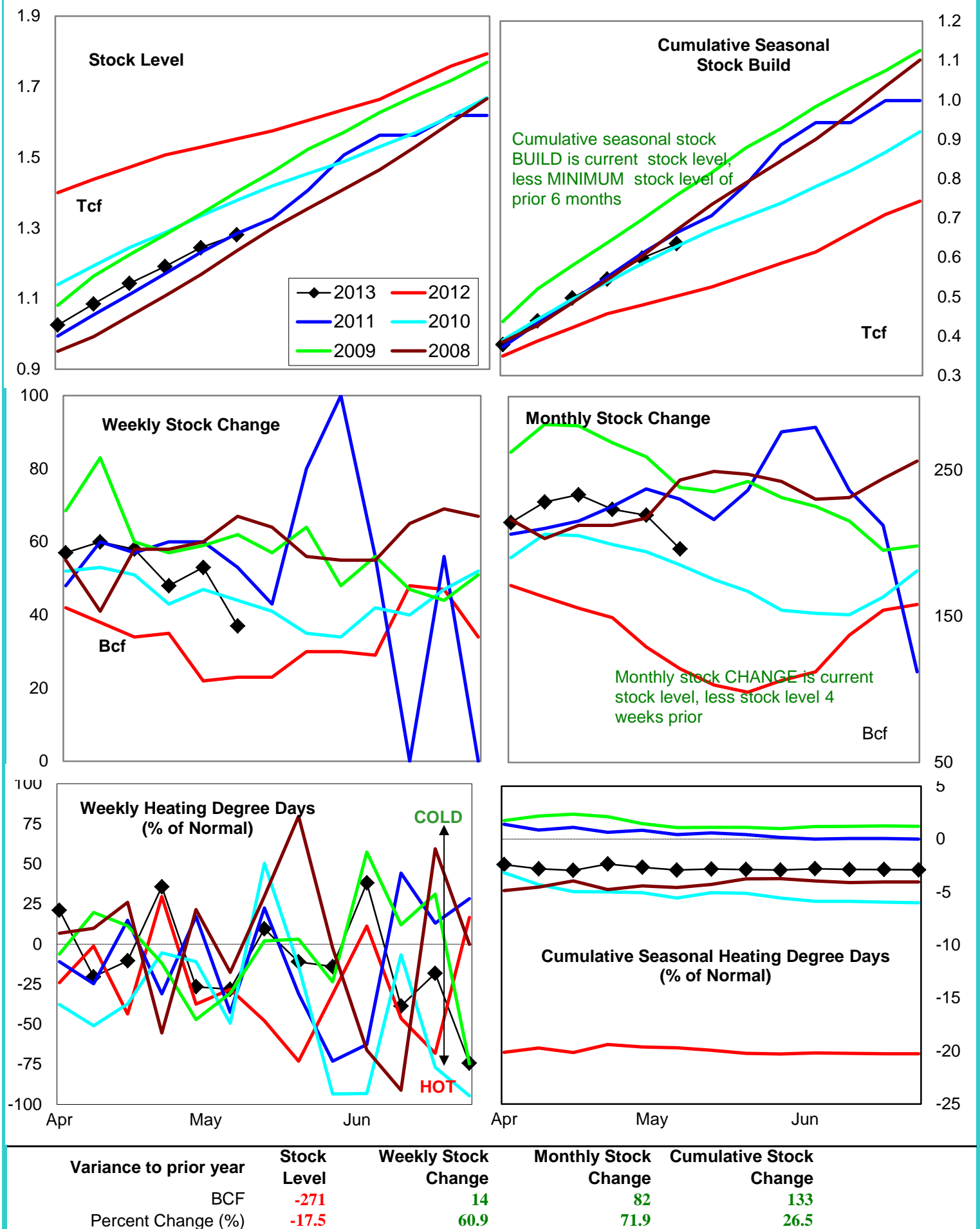
-13.1

100.0

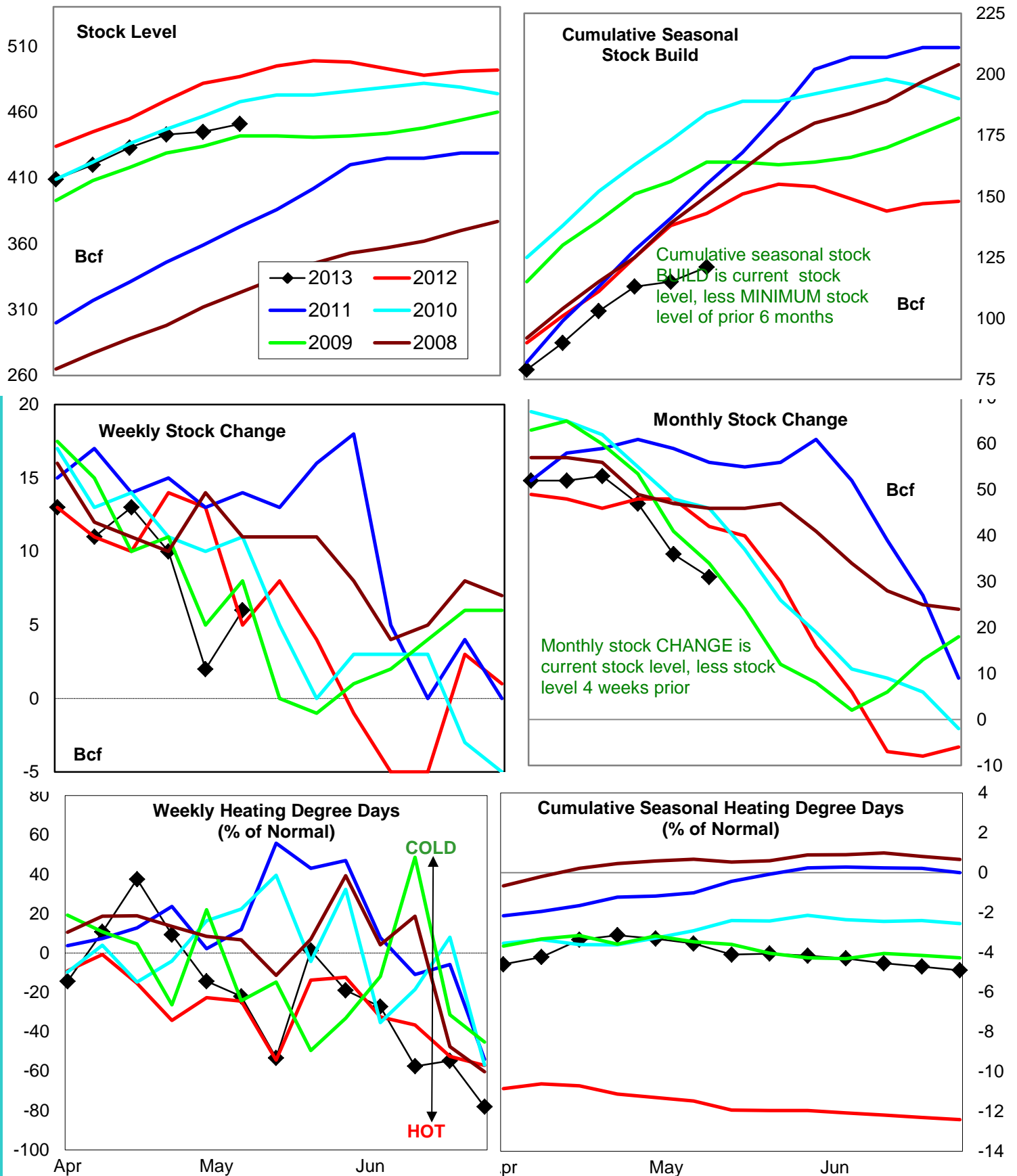
89.5

37.3

Natural Gas East Region Stock and Weather Trends



Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

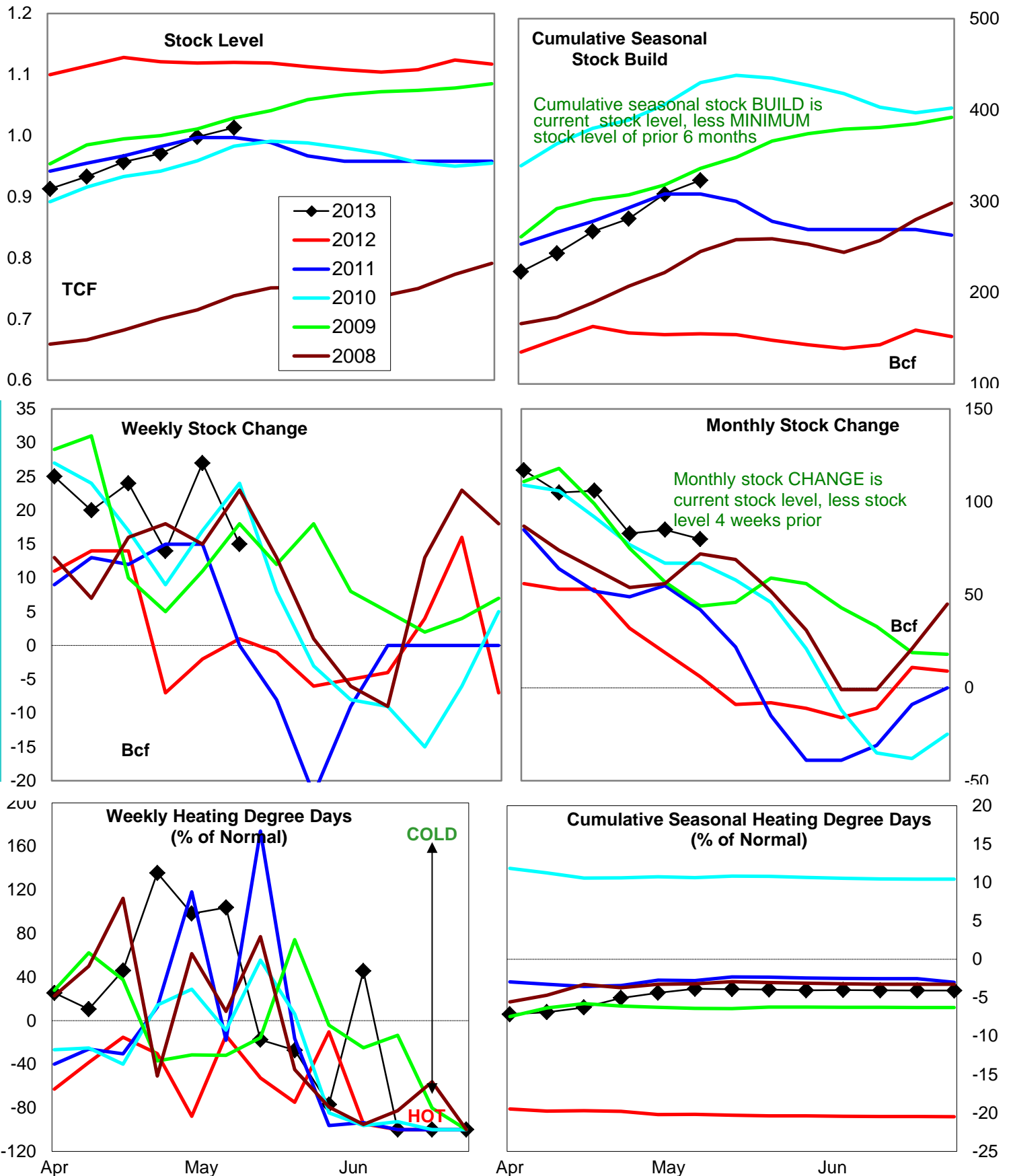
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-36
-7.41
20.0-11
-26.2-22
-15.4

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

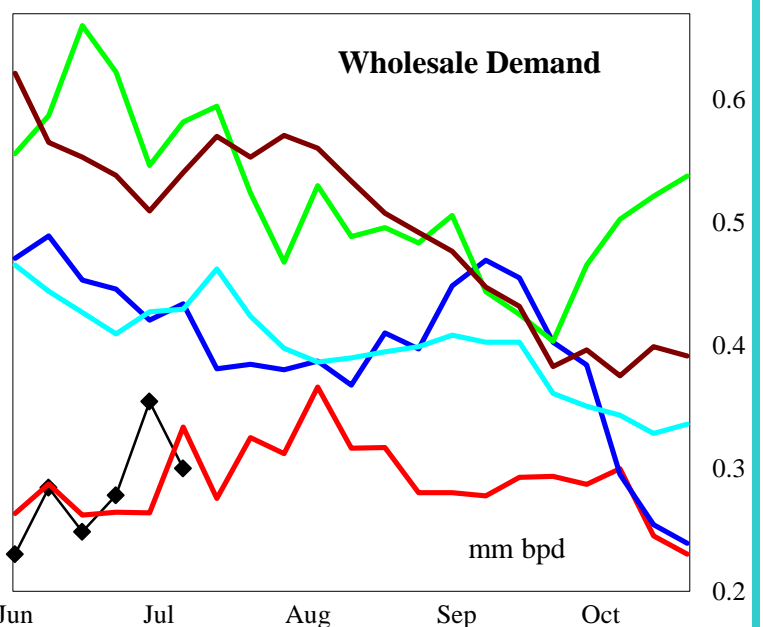
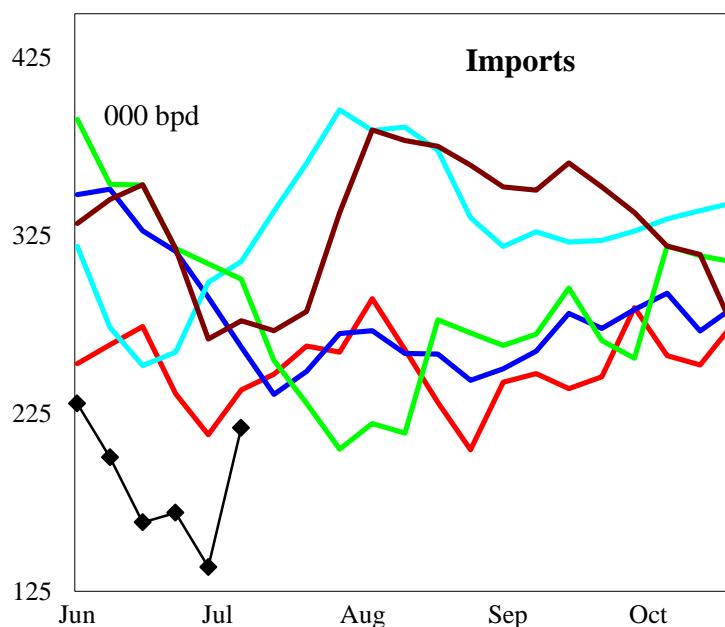
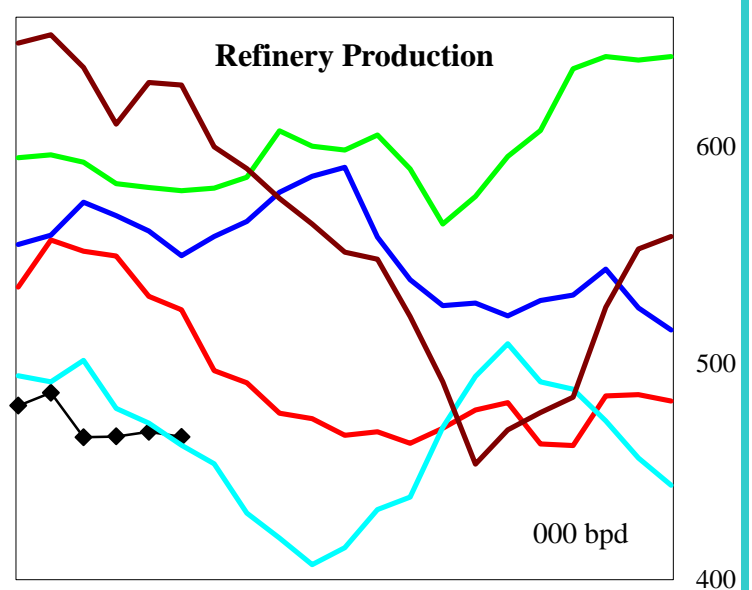
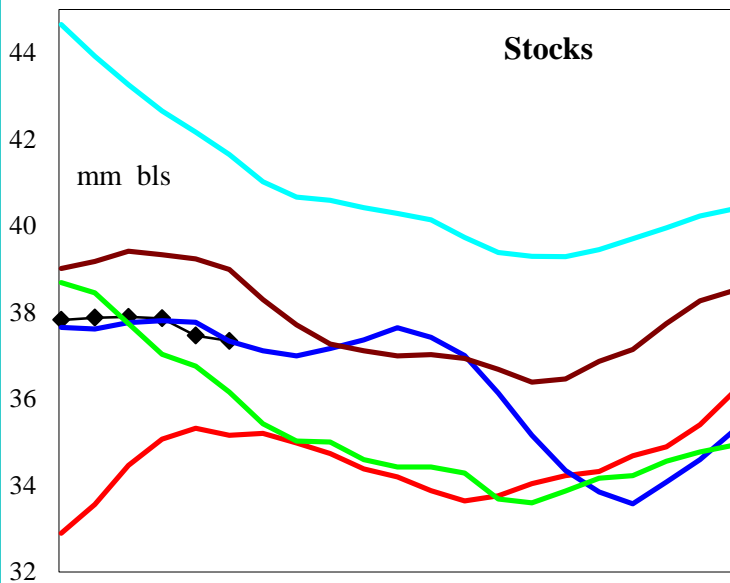
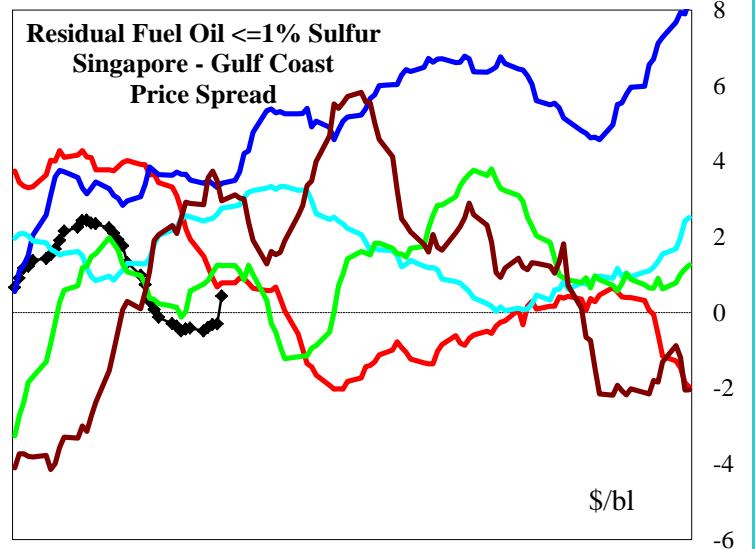
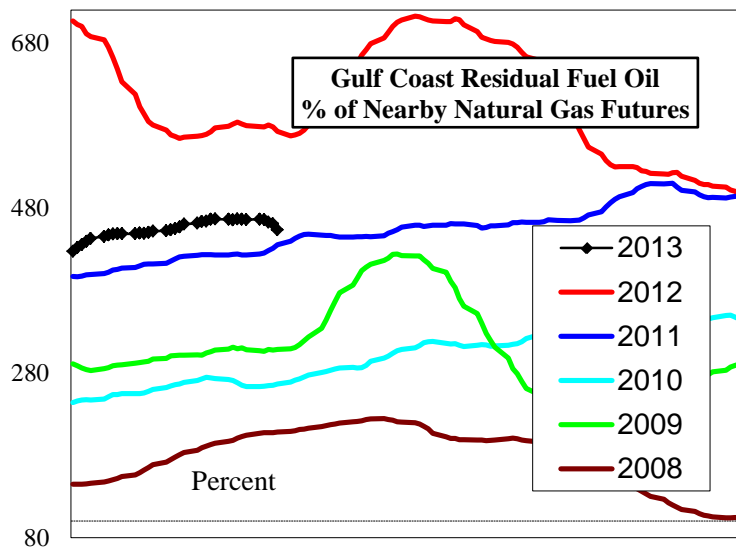
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-107
-9.614
1,400.074
1,233.3168
108.4

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



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

Stocks
1,617
4.5

Prod
-75
-13.7

Imports
-57
-25.1

Demd=>

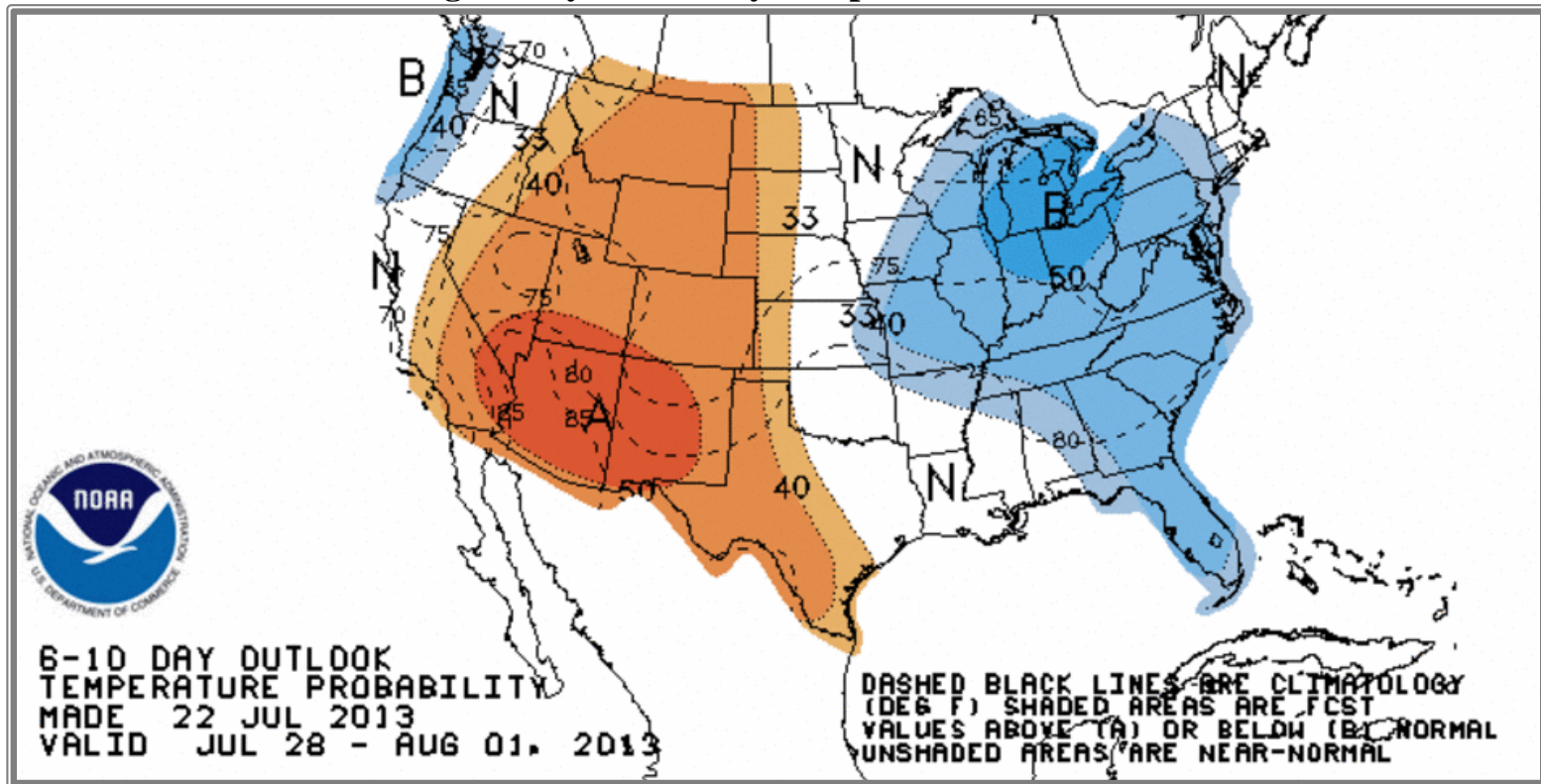
4wk avg
23
7.0

Jun
-100
-26.9

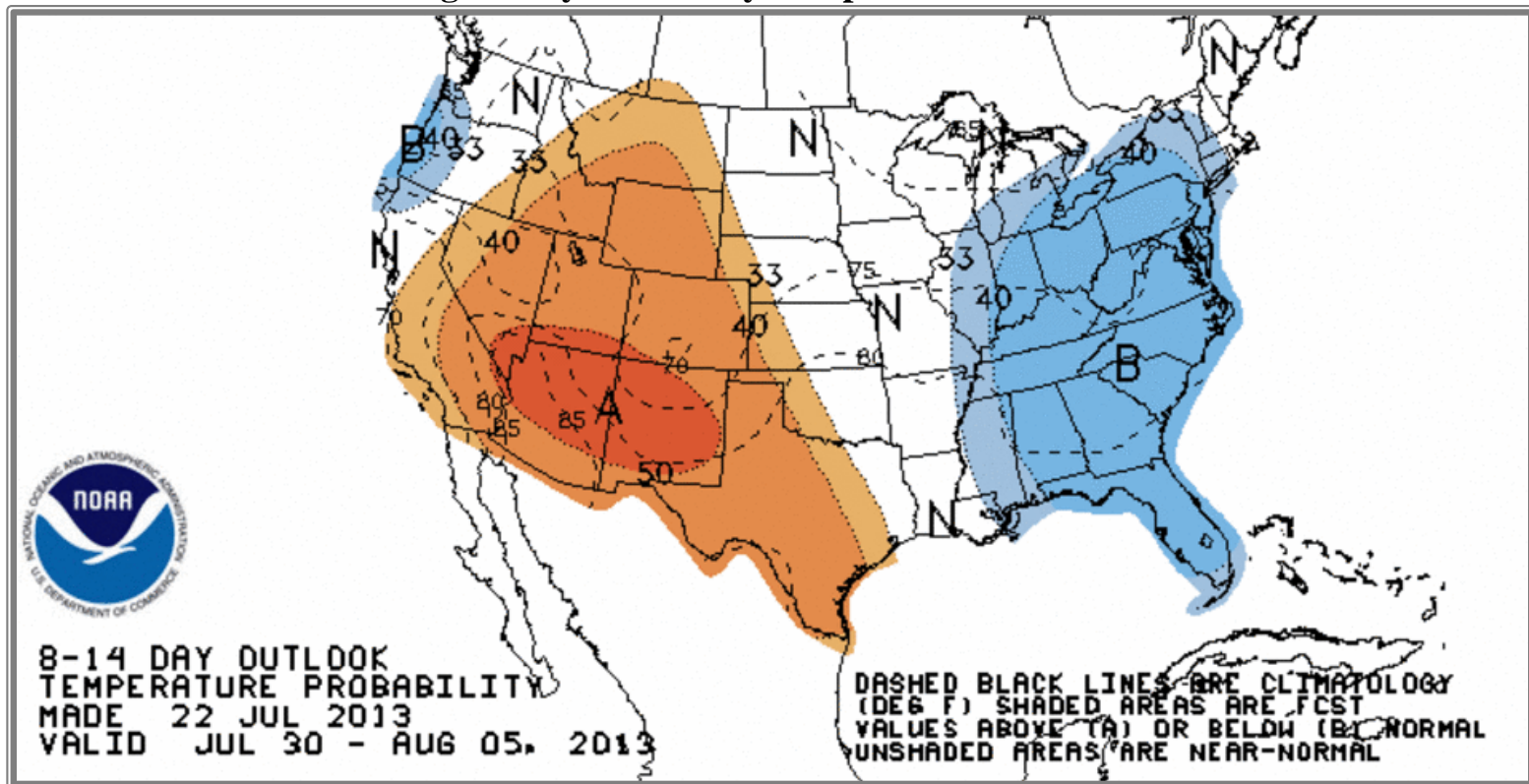
May
111
37.8

Apr
-124
-30.4

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

