

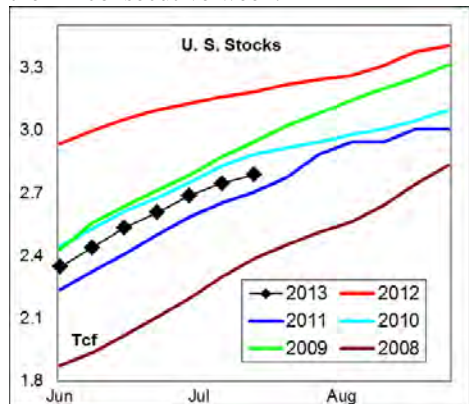
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

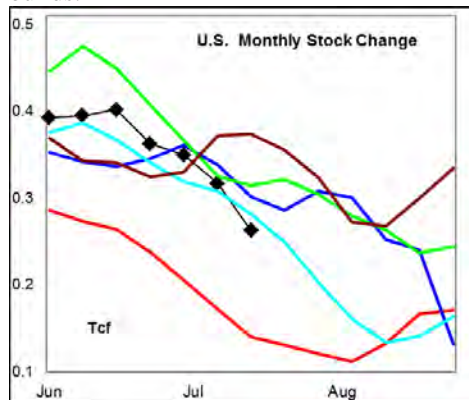
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, July 29, 2013



Summary¹ The stock build of +41 Bcf for the week was below 2 of the last 3-yr for the 2nd consecutive week.



The latest 4-wk stock change was a build of 253 Bcf, below the mid range of the last 3-yr for the period. The recent increase in cooling degree days to above average has led to a drop in the rate of seasonal stock builds.



In the East Region stocks increased +25 Bcf for the week, a build near last years' record low. Stocks increased +4 Bcf in the West Region, a build at the low end of the historic range for the week. Stocks were +12 Bcf higher on the week in the Producing region, a build above the last 3-years for the period.

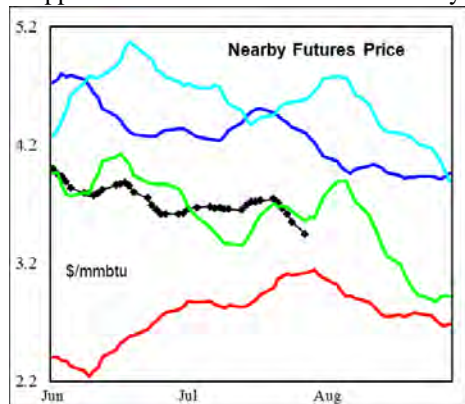
Cooling degree days were significantly above normal in the East region and below normal in the Producing region last week.

The 6-10 day NWS forecast for the week ending 07Aug13 is for sharply below

normal cooling degree days across nearly the entire country.

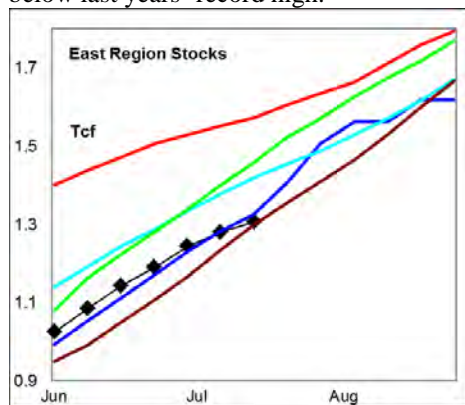
The 8-14 day NWS forecast for the week ending 11Aug13 is for an extension of the 6-10 day forecast; much below normal cooling degree days across nearly the entire country, except the northwest while is forecast to be above normal.

Prices: Nearby gas futures prices fell - \$0.23/MMBTU for the week ending 29Jul13. The current price level has dropped to the lowest level since February.



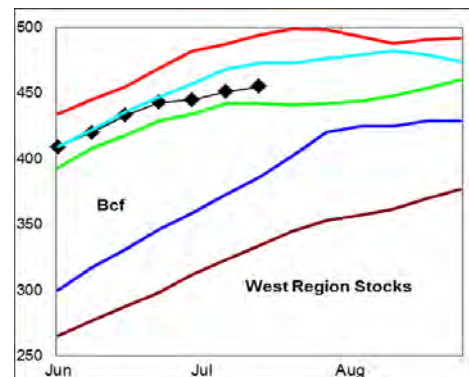
The 1st - 4th month forward price curve trended lower last week, ending at a level above historic highs.

East Region stocks increased +25 Bcf for the week, a build near last years' record low. The current stock level is -17% below last years' record high.

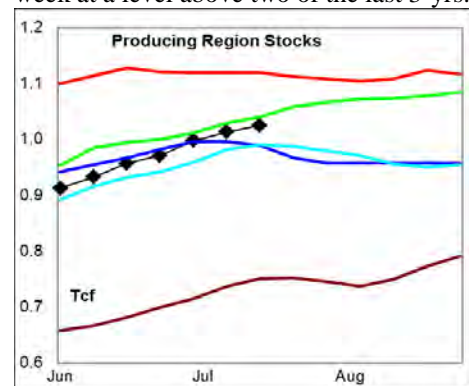


Cooling degree days are forecast to be much below normal in the region for the next 10-days.

West Region stocks increased +4 Bcf last week, a build at the low end of the historic range for the week. Stock levels ended the week -8% below last year. Cooling degree days are forecast to be above normal for the next 10-days.



Producing Region stocks increased +12 Bcf for the week, a build above the last 3-yr for the period. Stock levels ended the week at a level above two of the last 3-yr.



Much 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 +10% above last year.

Outlook: Unusually low cooling degree days forecast for the next 10-days have pressured prices to the lowest level since February 2013.

Seasonal stock builds in the East and West Regions have each dropped well below the 5-year mid range. By comparison the seasonal stock build in the Producing region is above the last 2-years; with the latest 4-wk rate matching 5-year highs.

Much below normal cooling degree days across most of the country should lead to sharply higher stock builds.

With the start of hurricane season in the gulf, the risk of supply disruptions has begun. In the absence of hurricane disruptions, price weakness is likely to continue on above average stock builds in the Producing region.

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 29, 2013

For the week ending: 19-Jul-13

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

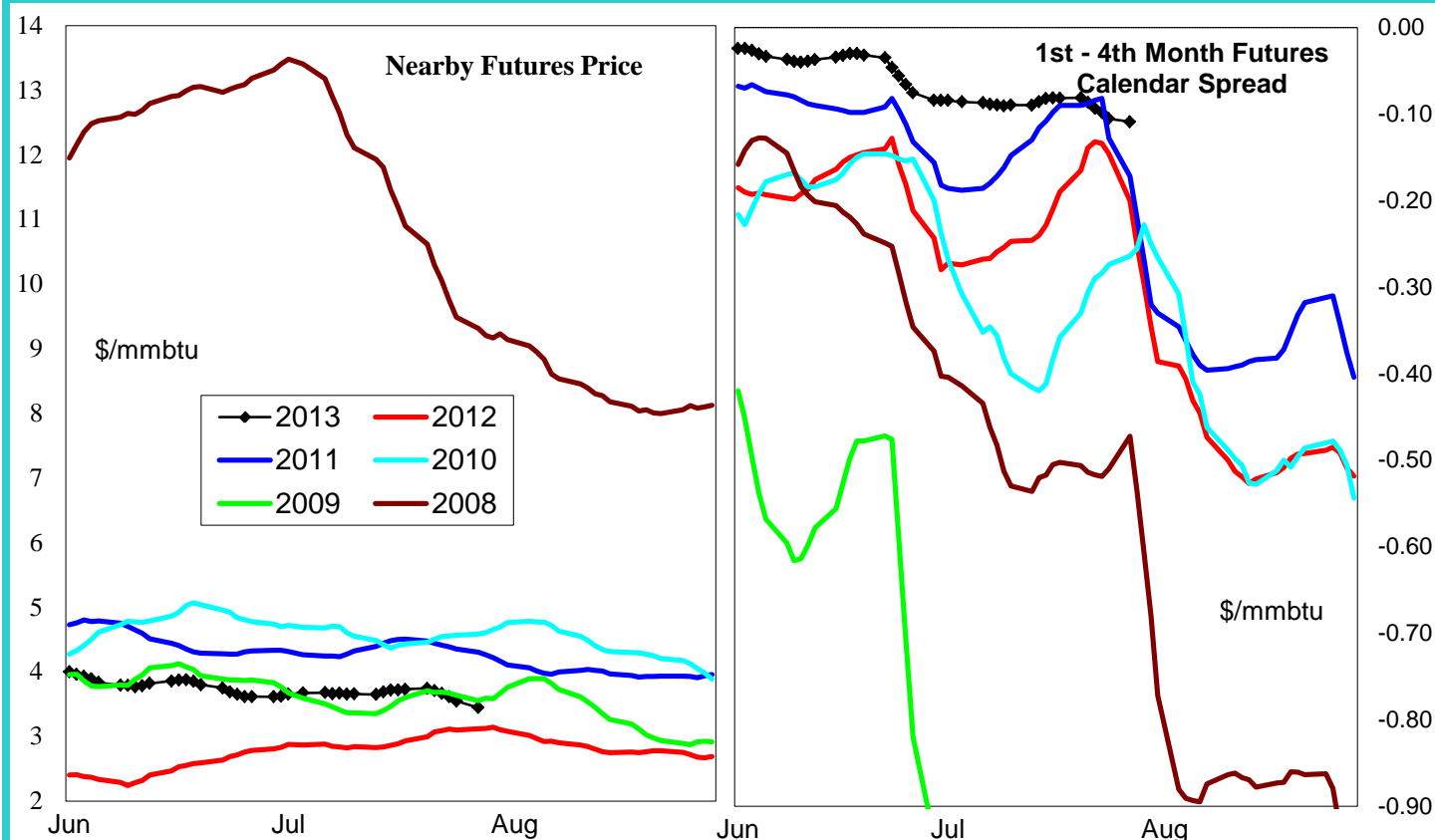
Week ending:	19-Jul-13			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,786	41	-12.5	-14	-45%	-2	-33%	-3	-77%
East	1,306	25	-16.9	-17	-39%	-2	-18%	-4	-74%
West	455	4	-7.9	-12	-58%	-2	-55%	-5	-78%
Producing	1,025	12	-8.4	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

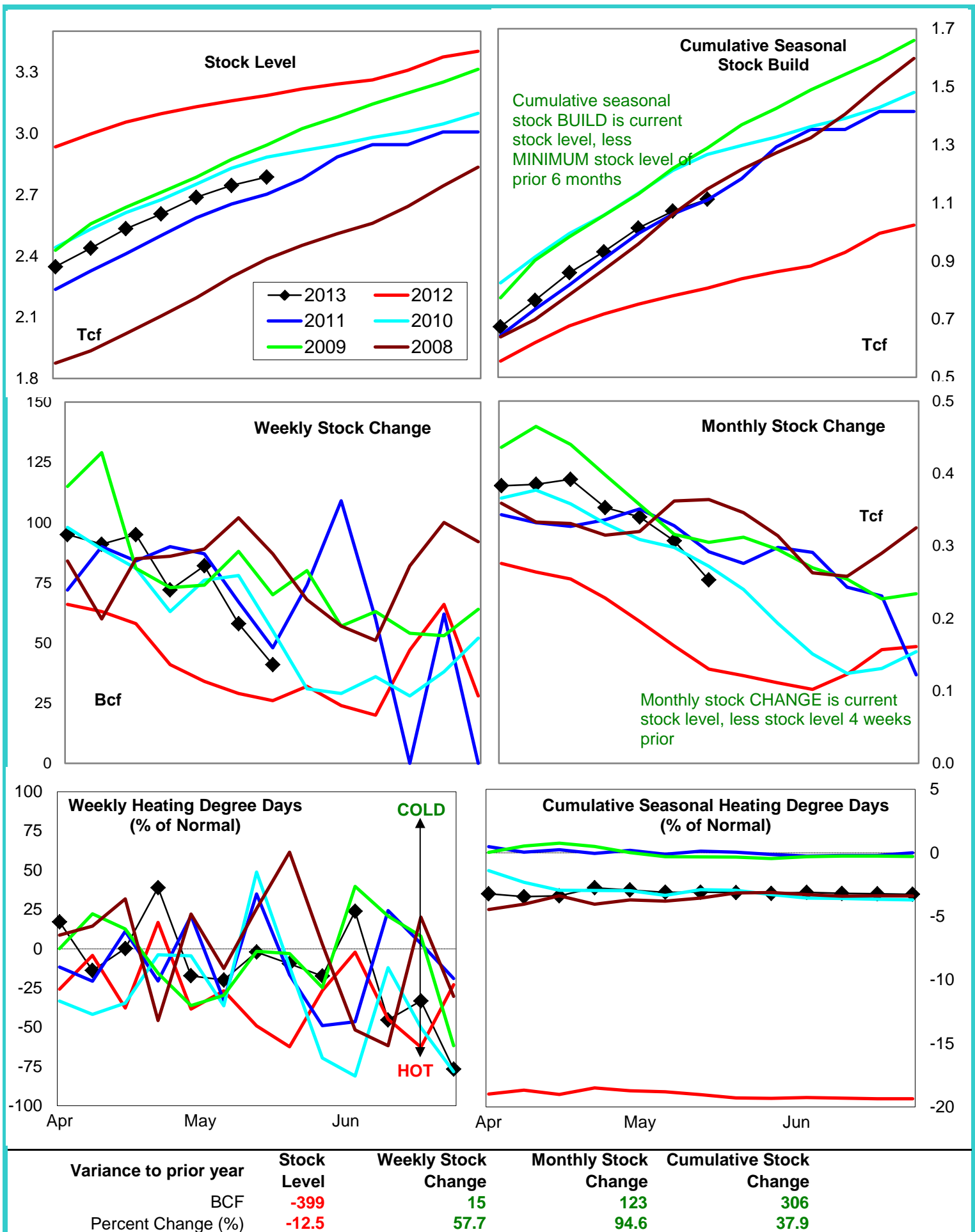
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,113	306	27.5	6	-3.2	4	-3.2	1	-3.3
East	660	138	20.9	6	-2.9	4	-2.9	1	-2.9
West	125	-25	-20.0	10	-4.6	8	-4.7	3	-4.9
Producing	335	181	54.0	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

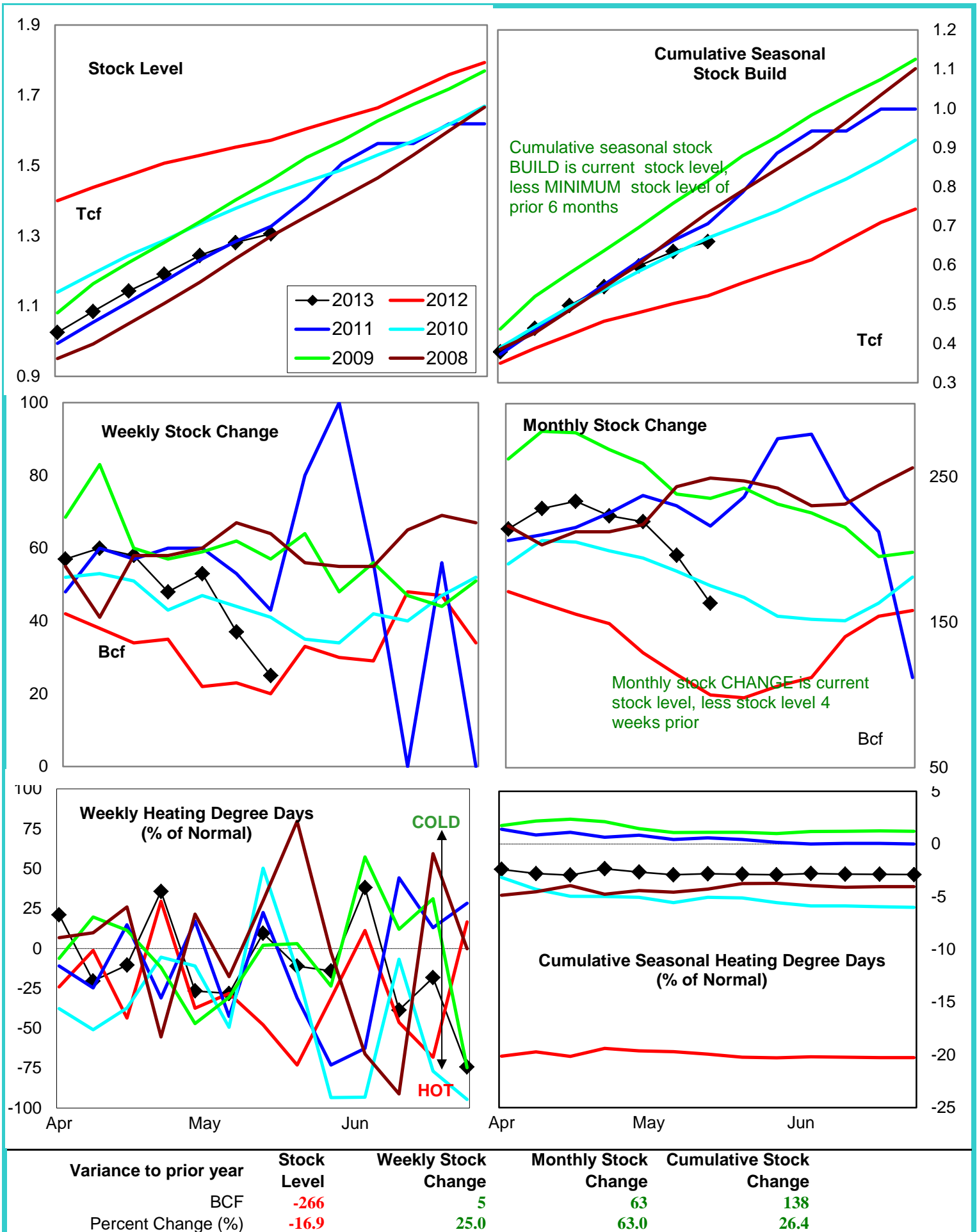
Date:	29-Jul-13	Change vs prior week, month, year		
		23-Jul-13	2-Jul-13	7-Aug-12
1st month Futures	3.45	-0.30	-0.13	0.50
% change	xxxxx	-8.0	-3.7	17.0



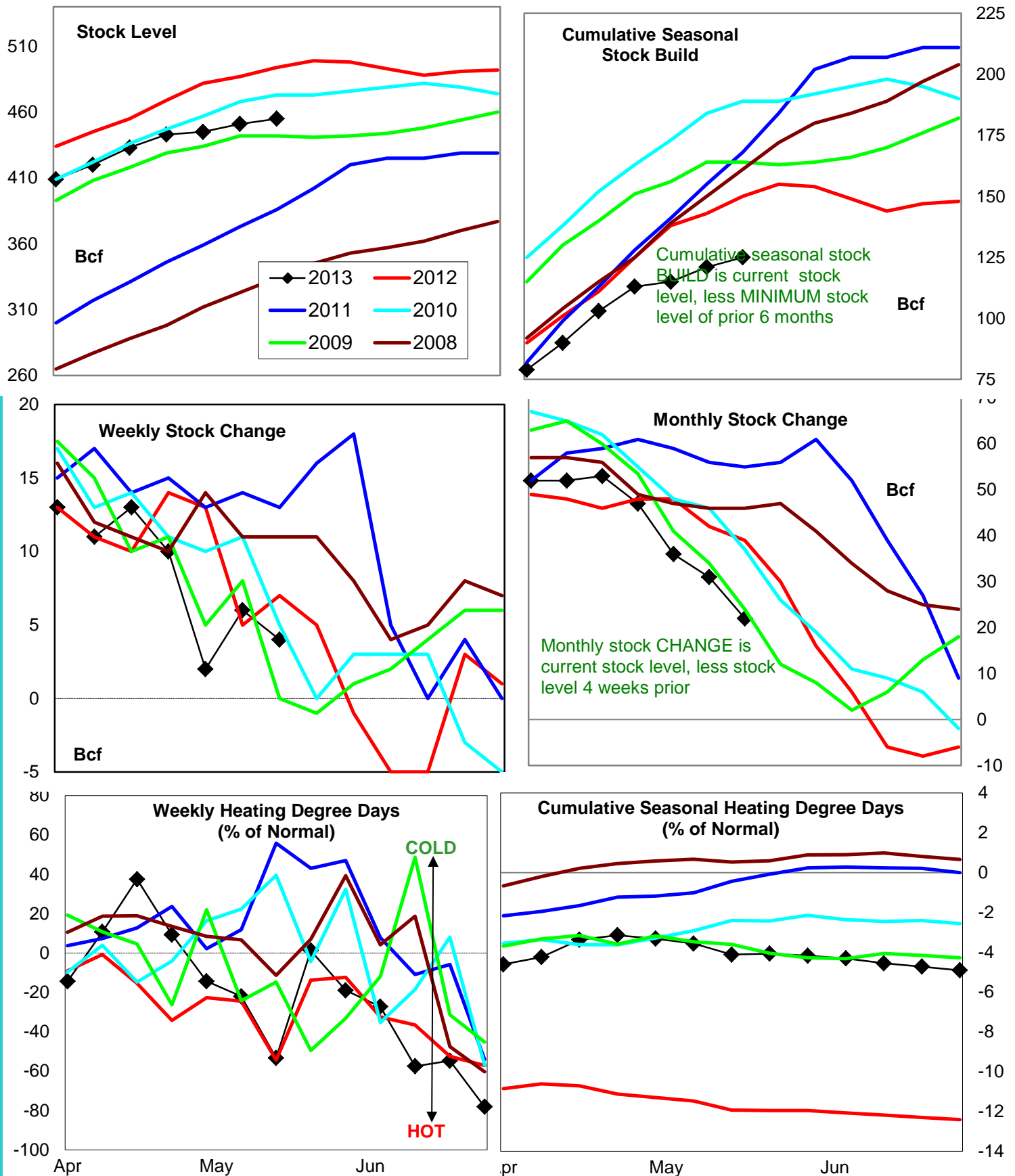
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



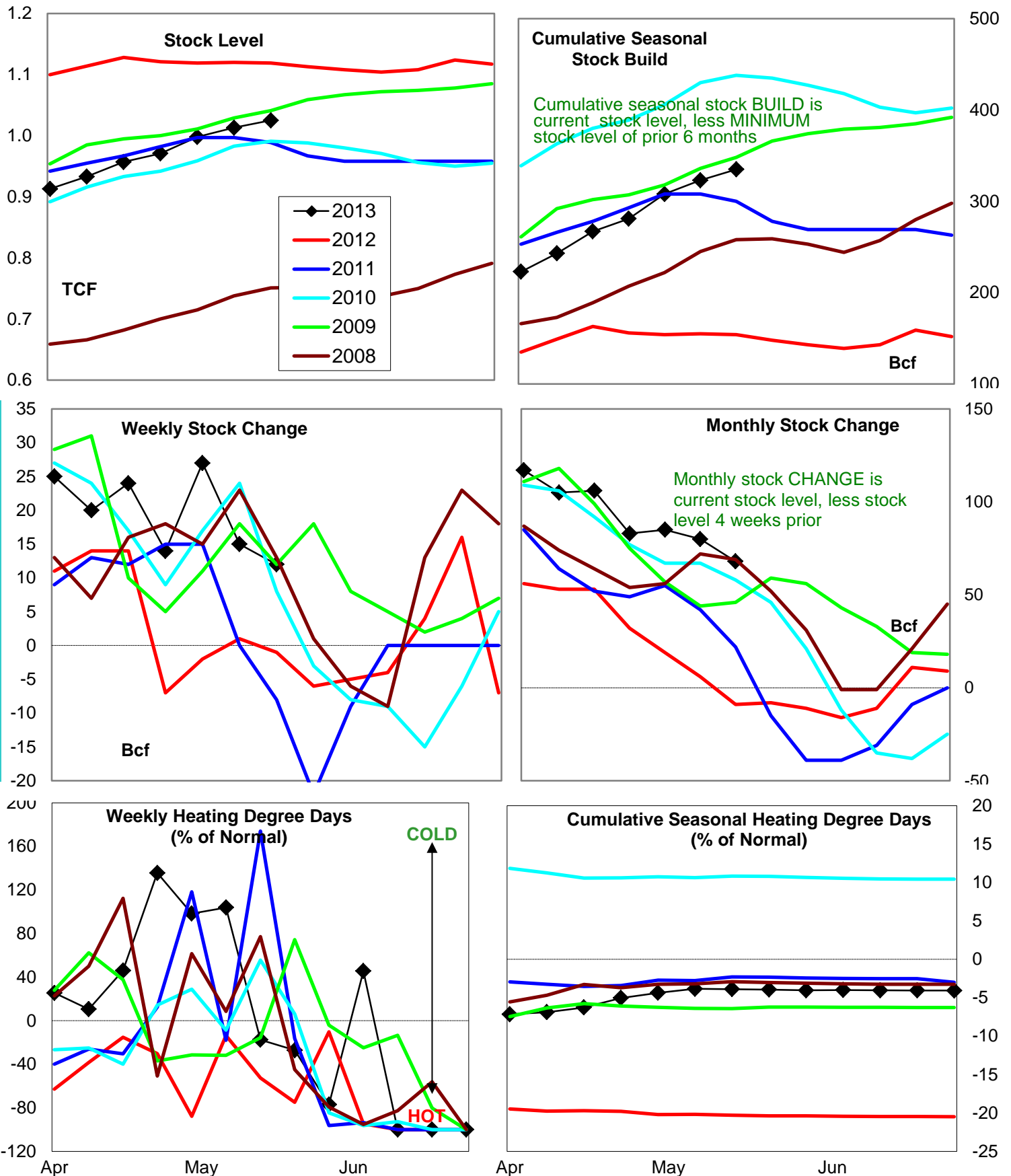
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-39
-7.9-3
-42.9-17
-43.6-25
-16.7

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-94

13

77

181

Percent Change (%)

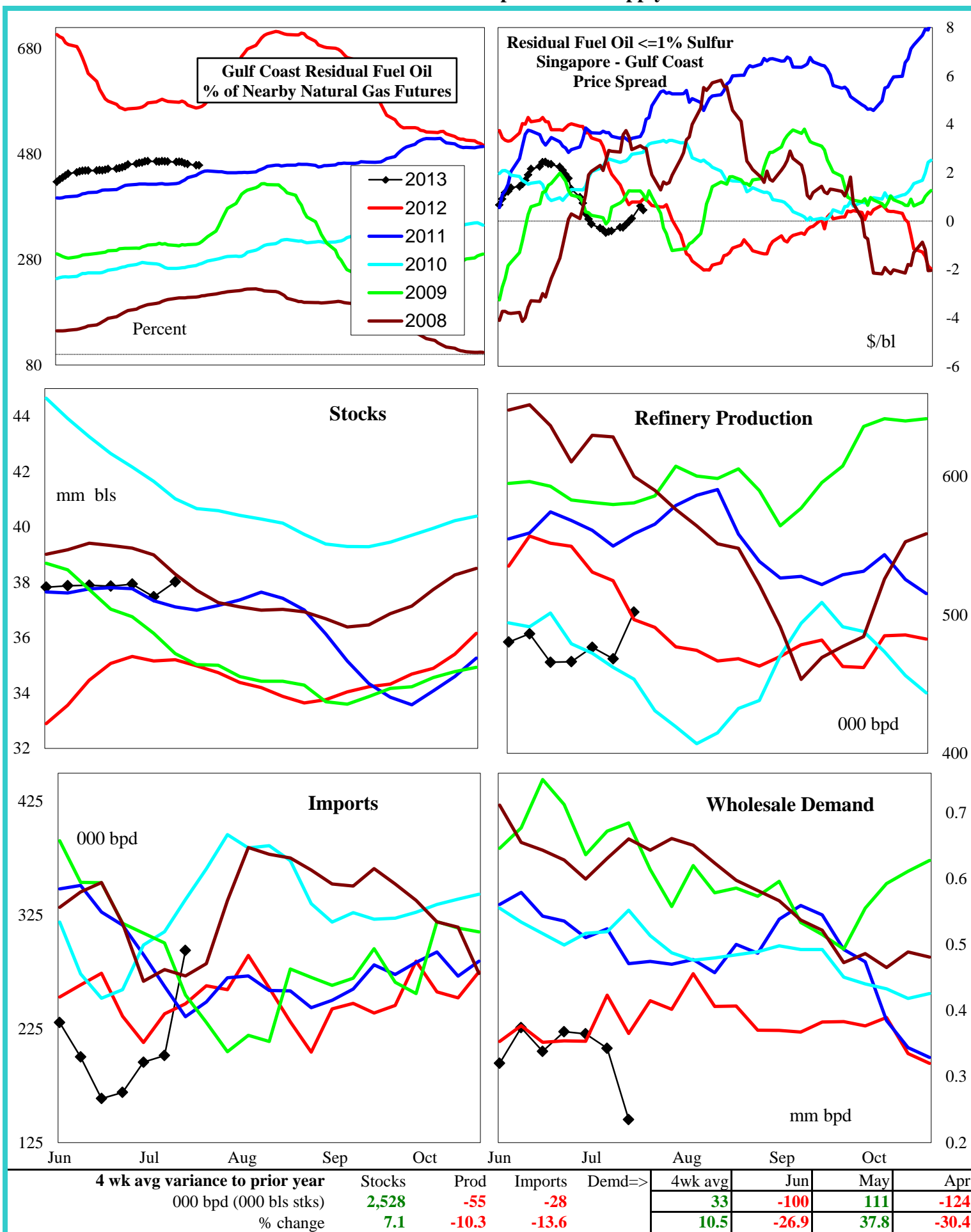
-8.4

-1,300.0

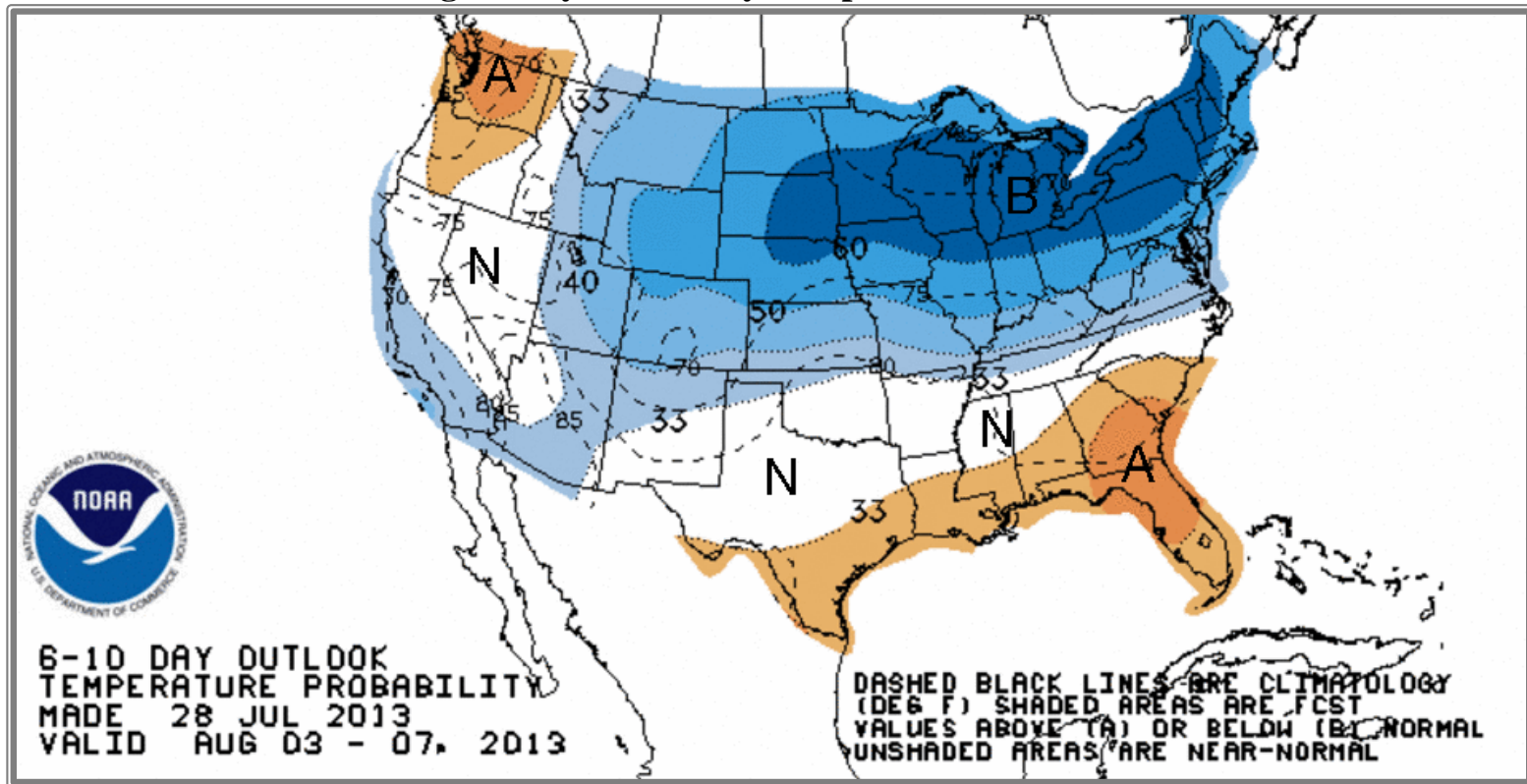
-855.6

117.5

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

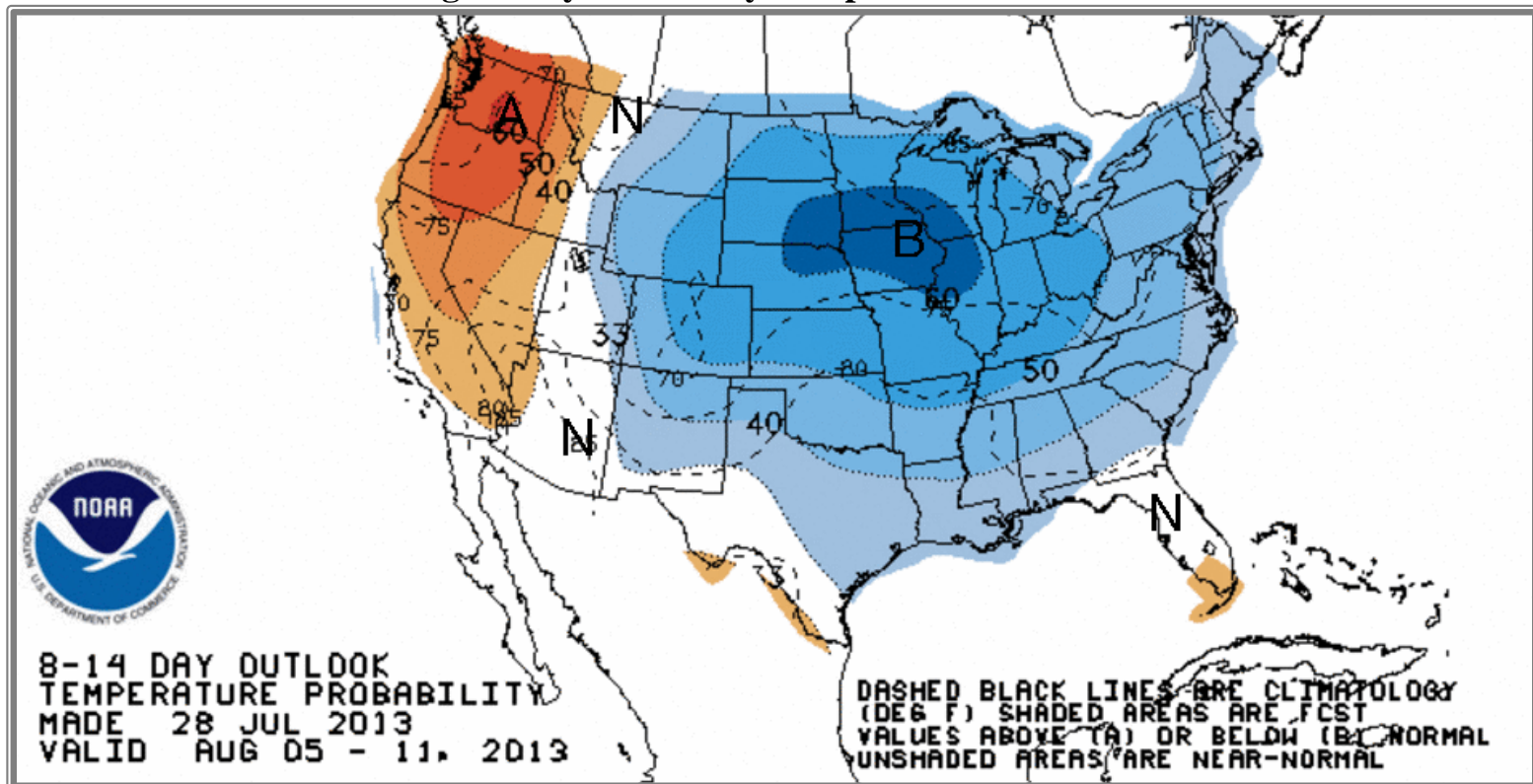


National Weather Service Climate Prediction Center Degree Days 6 - 10 Day Temperature Forecast



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National Weather Service Climate Prediction Center Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

