

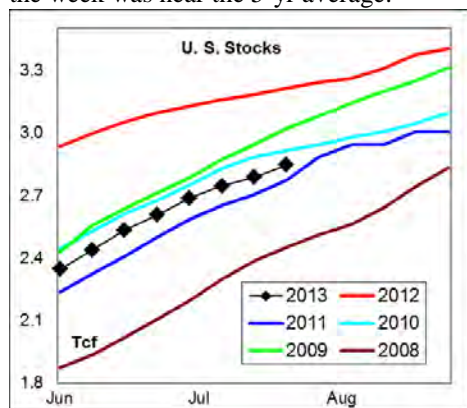
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, August 05, 2013



Summary¹ The stock build of +59 Bcf for the week was near the 5-yr average.



The latest 4-wk stock change was a build of 240 Bcf, equal to the mid range of the last 3-yrs for the period. Significantly below normal cooling degree days have led to sharply higher stock builds than occurred a year ago.



In the East Region stocks increased +44 Bcf for the week, a build above the latest 3-yr mid range. Stocks increased +6 Bcf in the West Region, a build also above the 3-yr mid range. Stocks were +9 Bcf higher on the week in the Producing region, a build near 5-yr highs for the week.

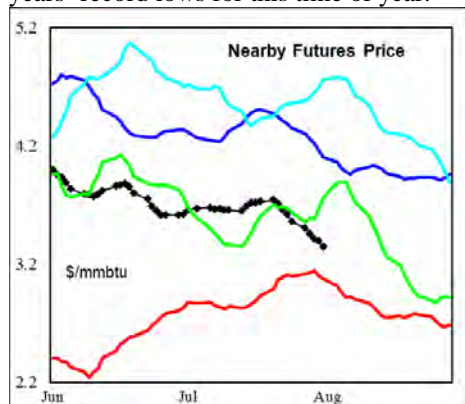
Cooling degree days were significantly below normal across the eastern 2/3rds of the country last week.

The 6-10 day NWS forecast for the week ending 14Aug13 is for sharply below normal cooling degree days across the northern 1/3rd of the country with above

normal cooling degree days across the southern 1/3rd and west region.

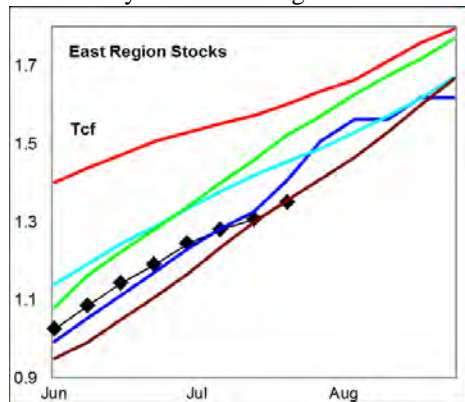
The 8-14 day NWS forecast for the week ending 18Aug13 is for an extension of the 6-10 day forecast; much below normal cooling degree days across the eastern 2/3rds of the country and above normal in the west.

Prices: Nearby gas futures prices fell - \$0.21/MMBTU for the week ending 02Aug13. The current price level has dropped to a level slightly above last years' record lows for this time of year.



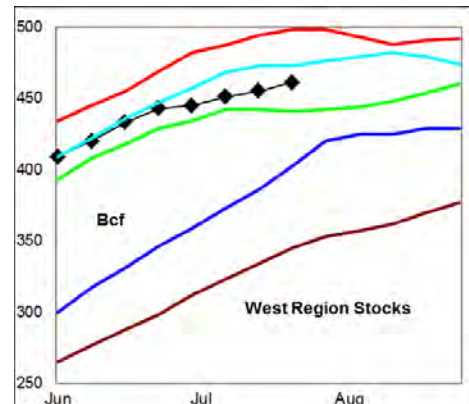
The 1st - 4th month forward price curve fell last week on the roll to the 4th month December contract. The spread matched the average of the last 3-yrs.

East Region stocks increased +44 Bcf for the week, a build above the latest 3-yr mid range. The current stock level is -16% below last years' record high.

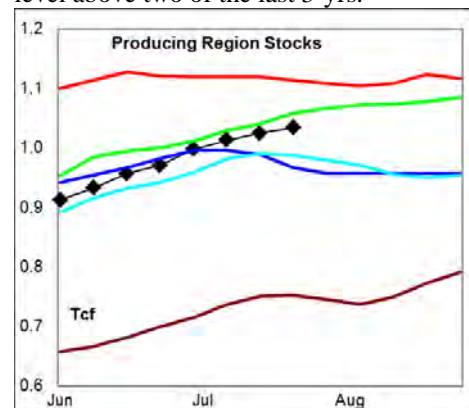


Cooling degree days are forecast to be sharply below normal in the region for the next 10-days.

West Region stocks increased +6 Bcf last week, a build above the 3-yr mid range for the week. Stock levels ended the week - 7% below last year. Cooling degree days are forecast to be above normal for the next 10-days.



Producing Region stocks increased +9 Bcf for the week, a build near 5-yr highs for the week. Stock levels ended the week at a level above two of the last 3-yrs.



Above 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 -11% above last year.

Outlook: Unusually low cooling degree days forecast for the next 10-days and a record rate of stock building in the Producing region continue to pressure prices lower.

Seasonal stock builds in the East region are near the latest 3-yr average while the West region rate of build is near a 5-yr low.

Much below normal cooling degree days across most of the country should lead to further above average stock builds during the 1st half of August.

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.

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 5, 2013

For the week ending: 26-Jul-13

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

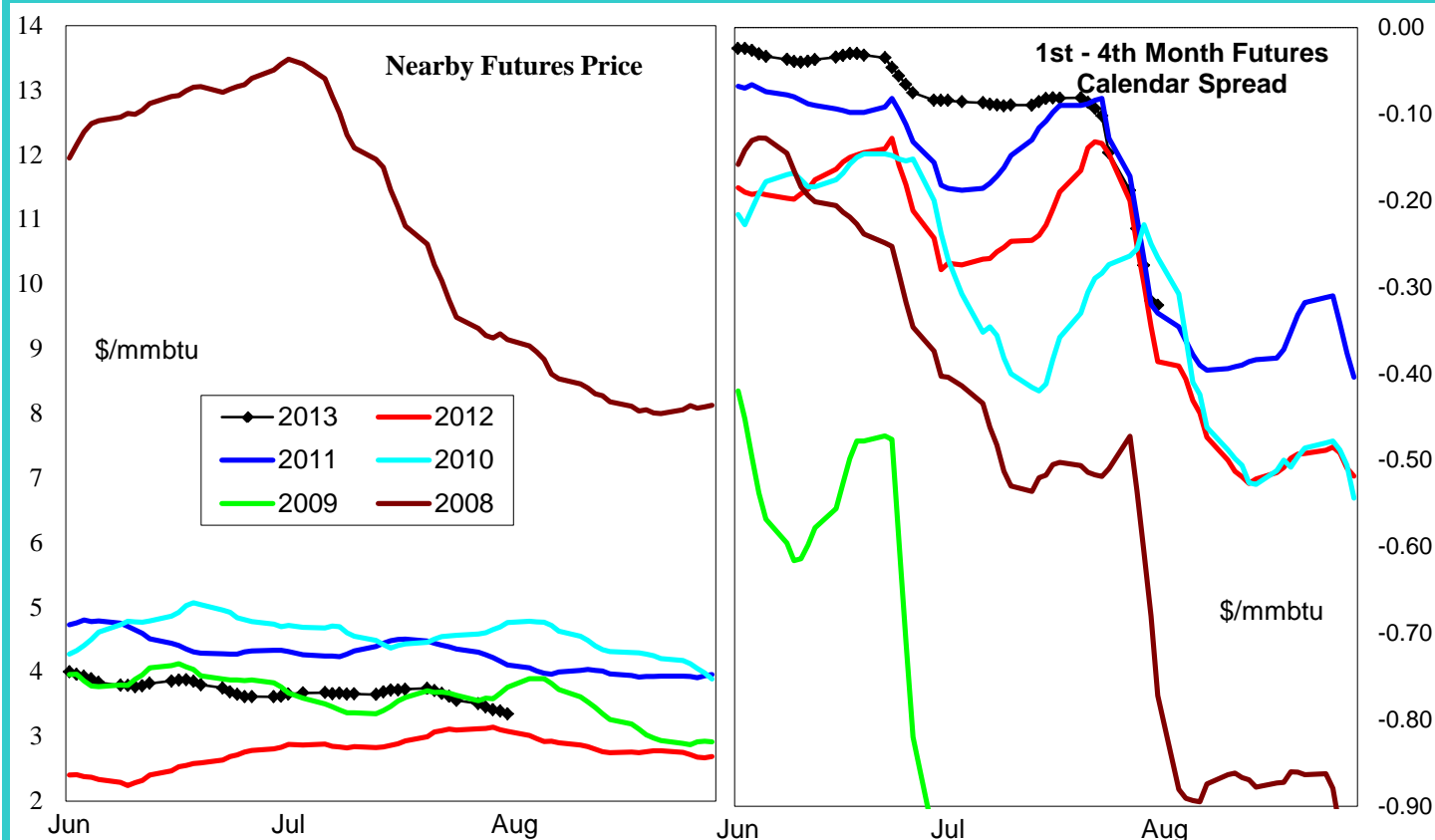
Week ending:	26-Jul-13			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,845	59	-11.5	-14	-45%	-2	-33%	-3	-77%
East	1,350	44	-15.7	-17	-39%	-2	-18%	-4	-74%
West	461	6	-7.4	-12	-58%	-2	-55%	-5	-78%
Producing	1,034	9	-7.2	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

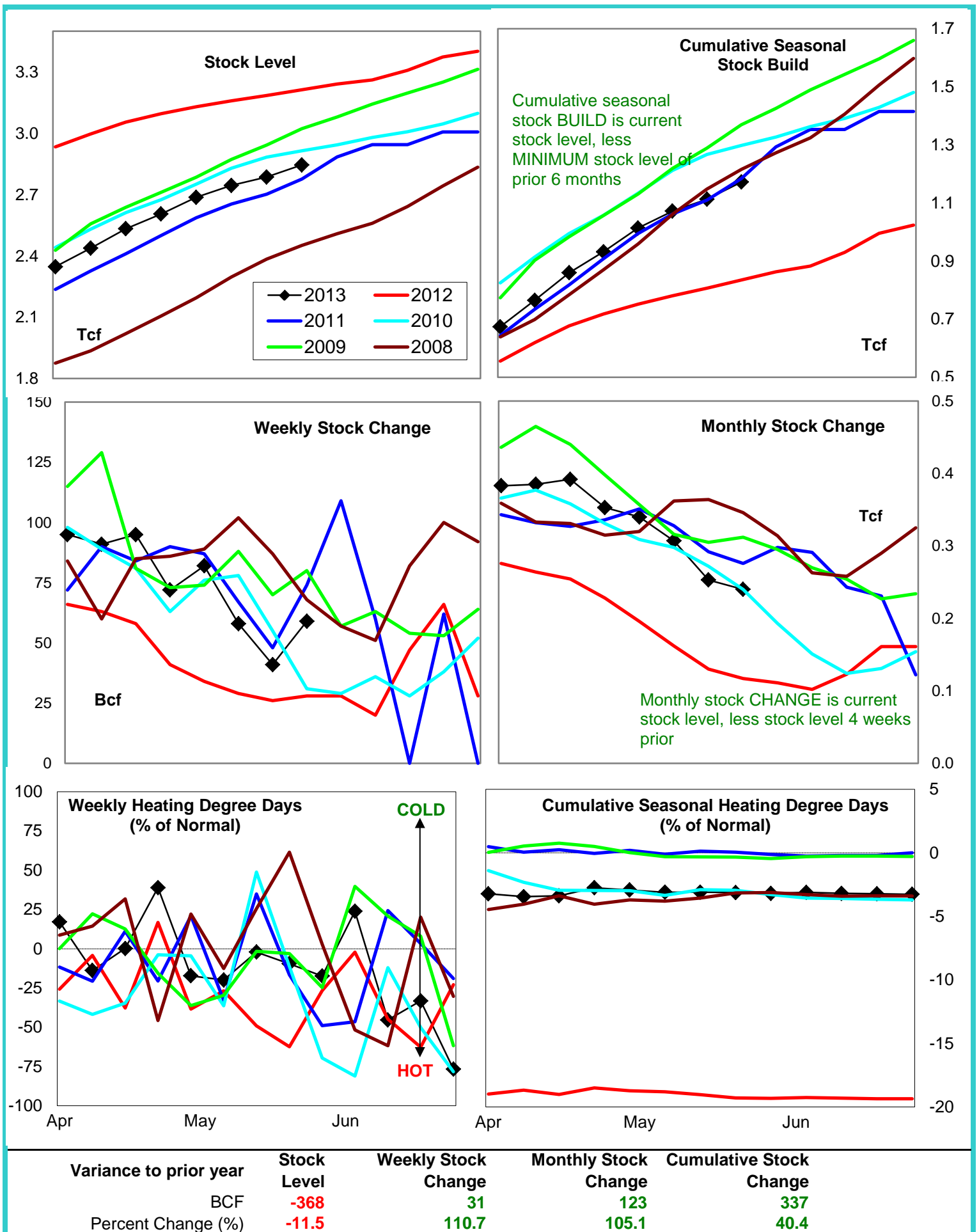
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,172	337	28.8	6	-3.2	4	-3.2	1	-3.3
East	704	153	21.7	6	-2.9	4	-2.9	1	-2.9
West	131	-23	-17.6	10	-4.6	8	-4.7	3	-4.9
Producing	344	195	56.7	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

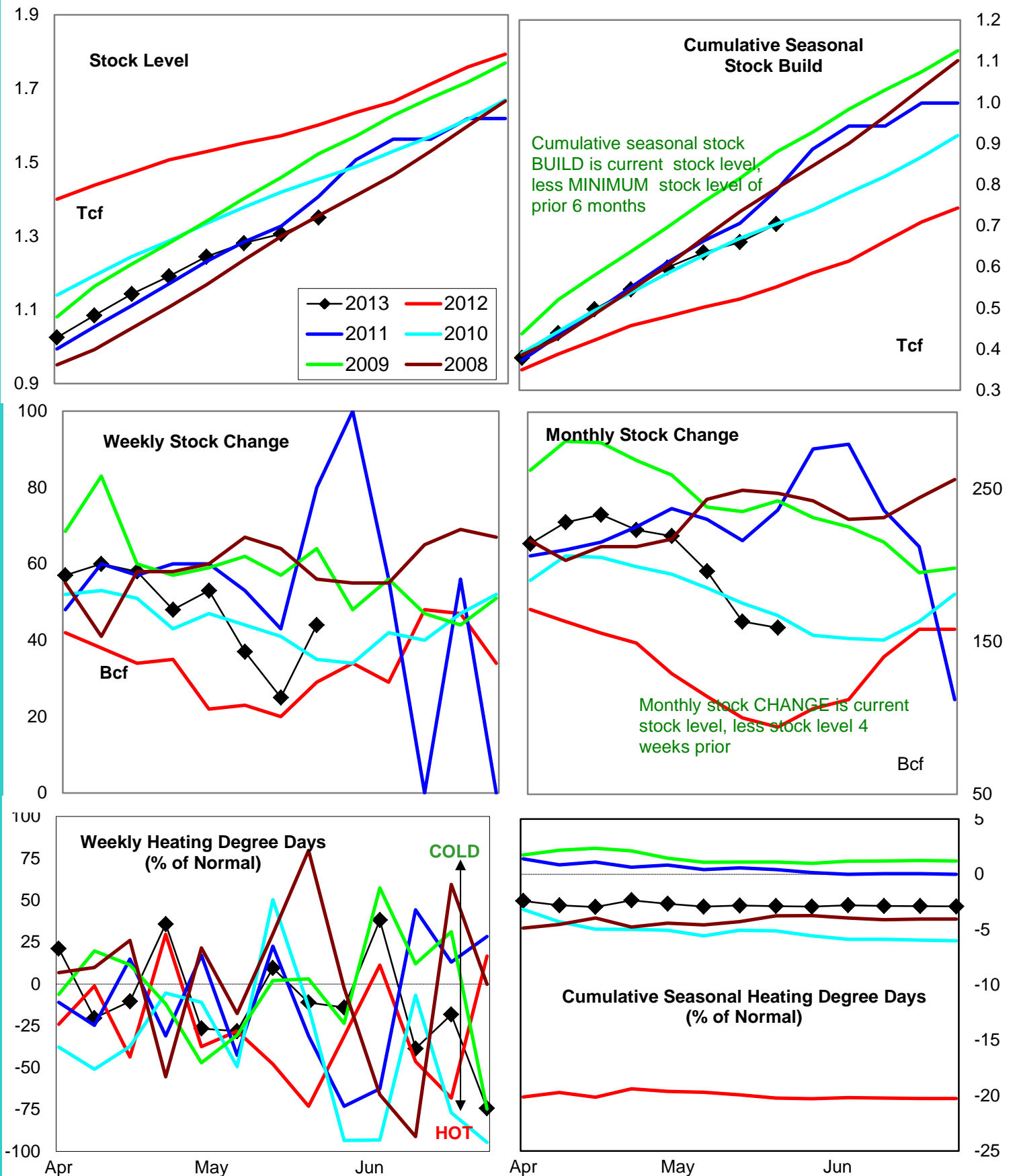
Date:	2-Aug-13	Change vs prior week, month, year		
		29-Jul-13	8-Jul-13	13-Aug-12
1st month Futures	3.35	-0.11	-0.39	0.60
% change	xxxxx	-3.2	-10.5	21.8



United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-251

15

65

153

Percent Change (%)

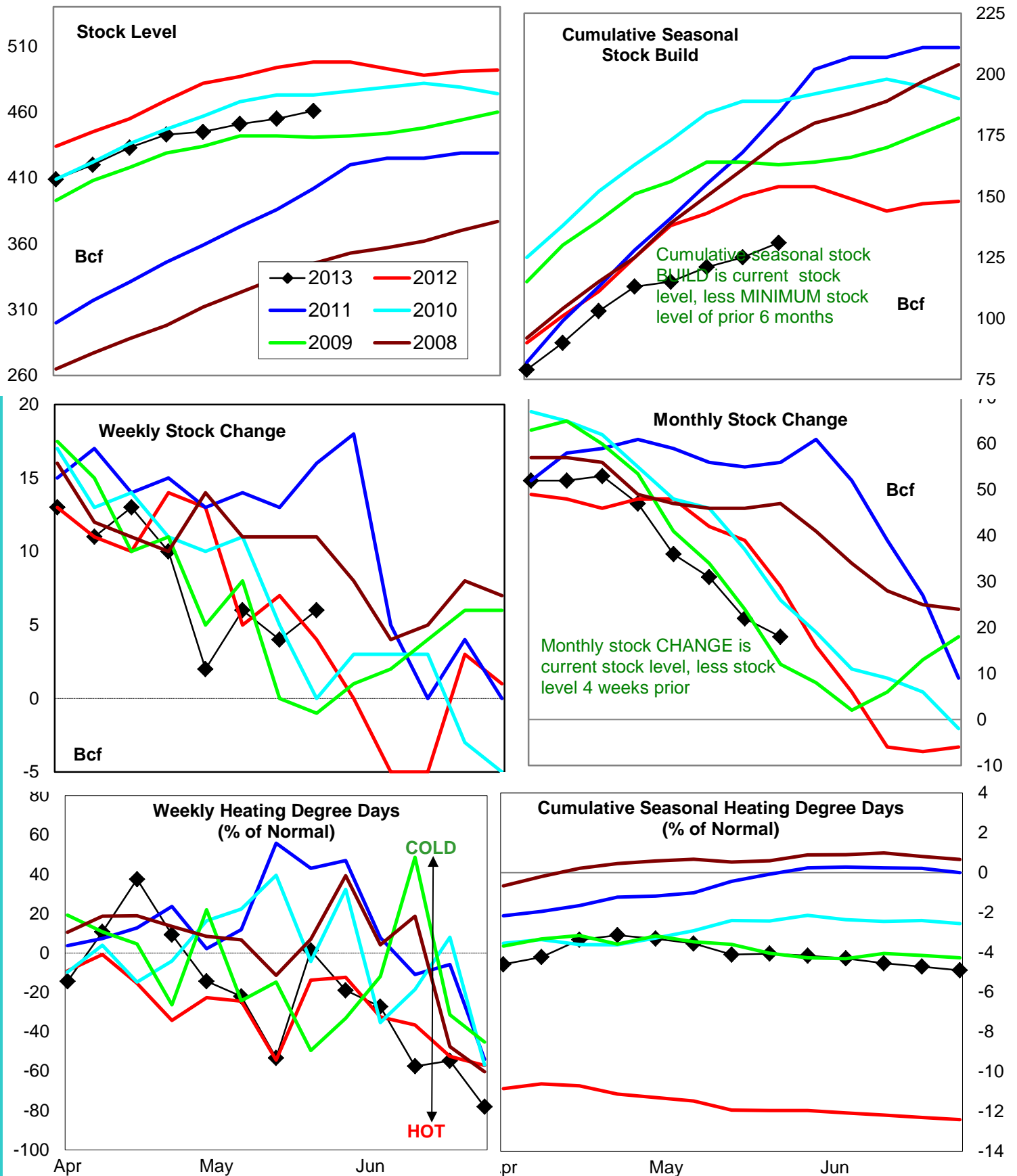
-15.7

51.7

69.1

27.8

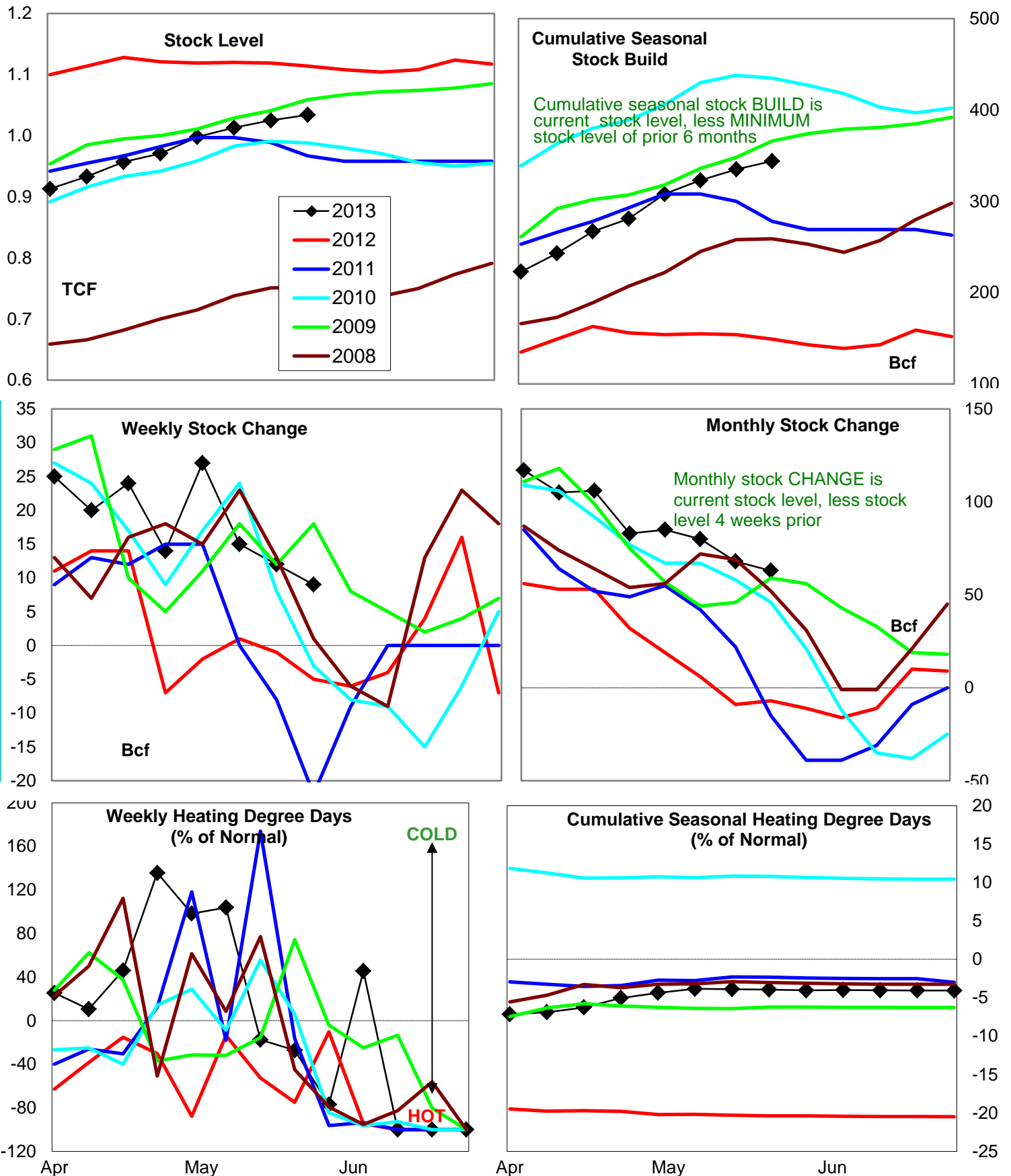
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-37
-7.42
50.0-11
-37.9-23
-14.9

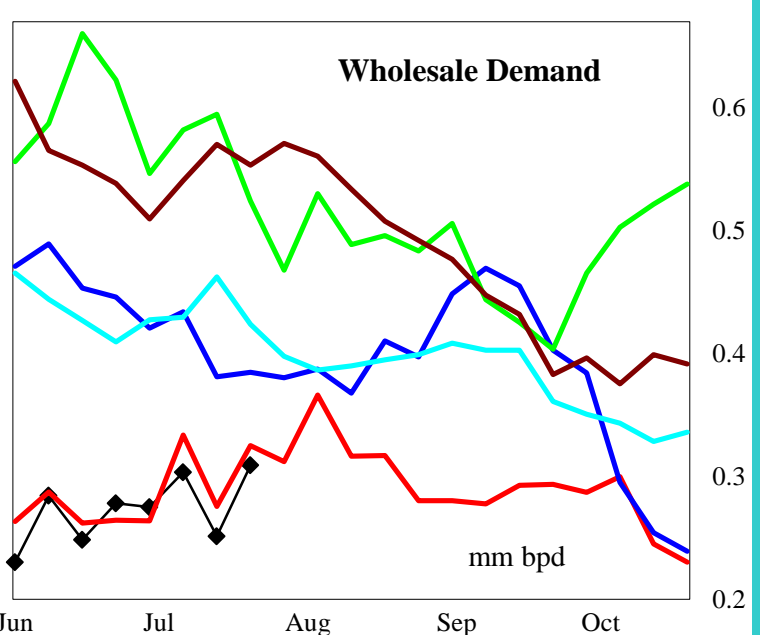
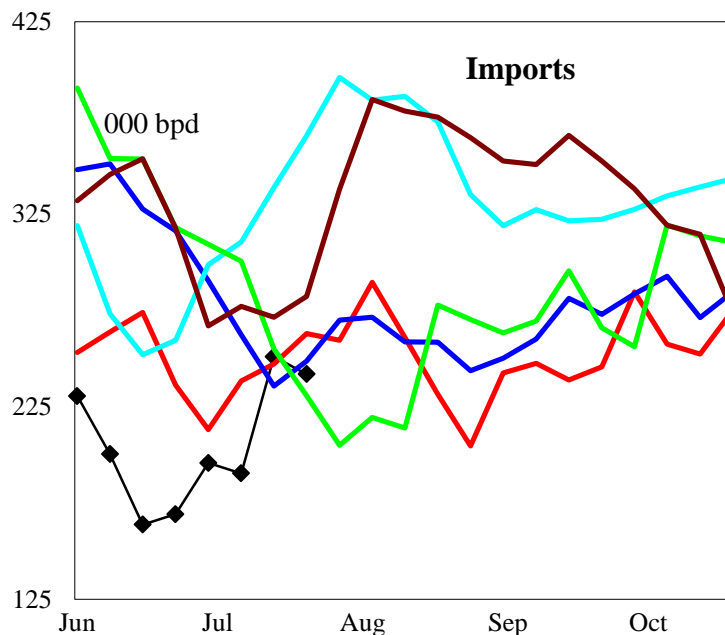
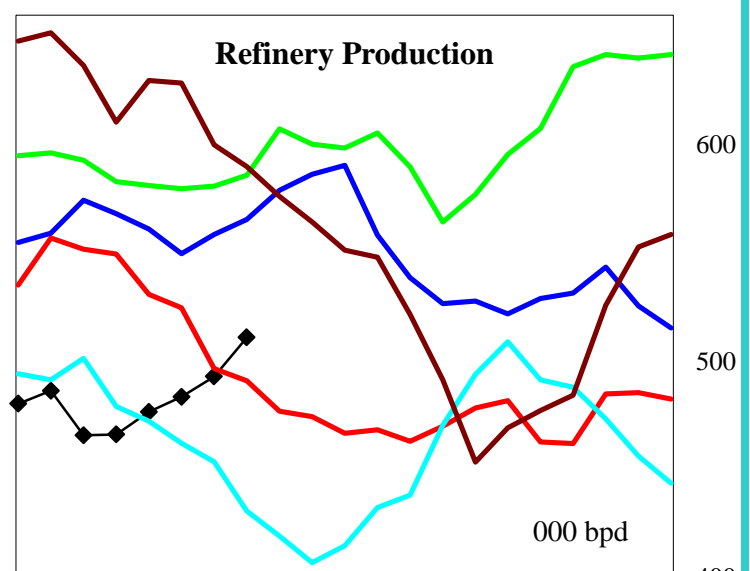
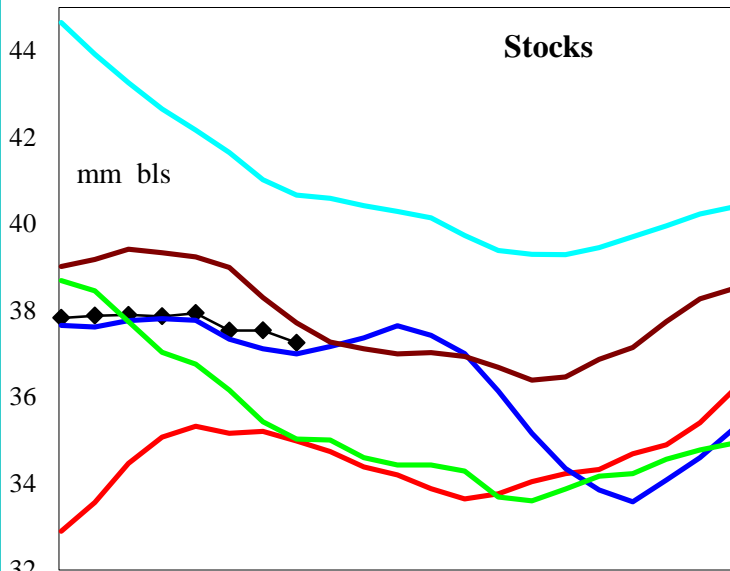
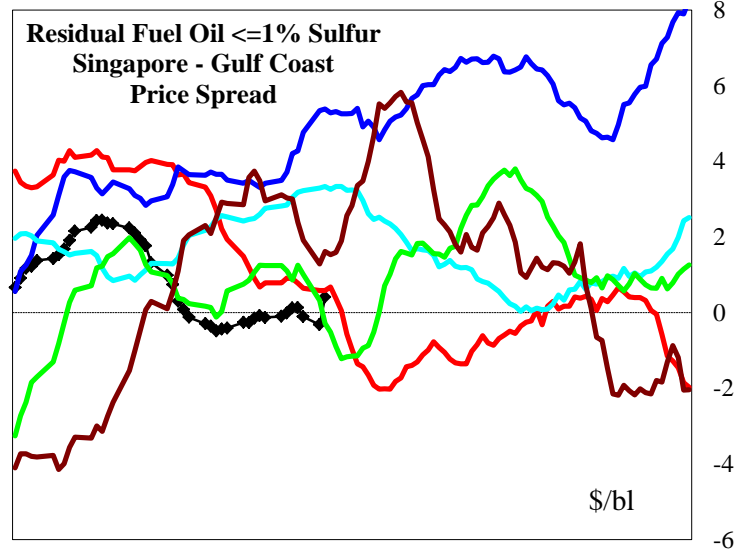
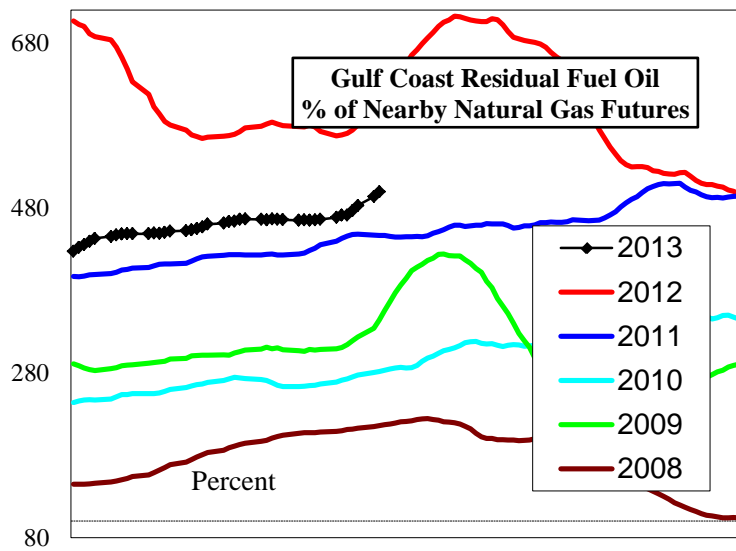
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-80
-7.214
-280.070
-1,000.0195
130.9

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



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

Stocks
3,182
9.3

Prod
-22
-4.3

Imports
-17
-7.2

Demd=>
-37
-10.8

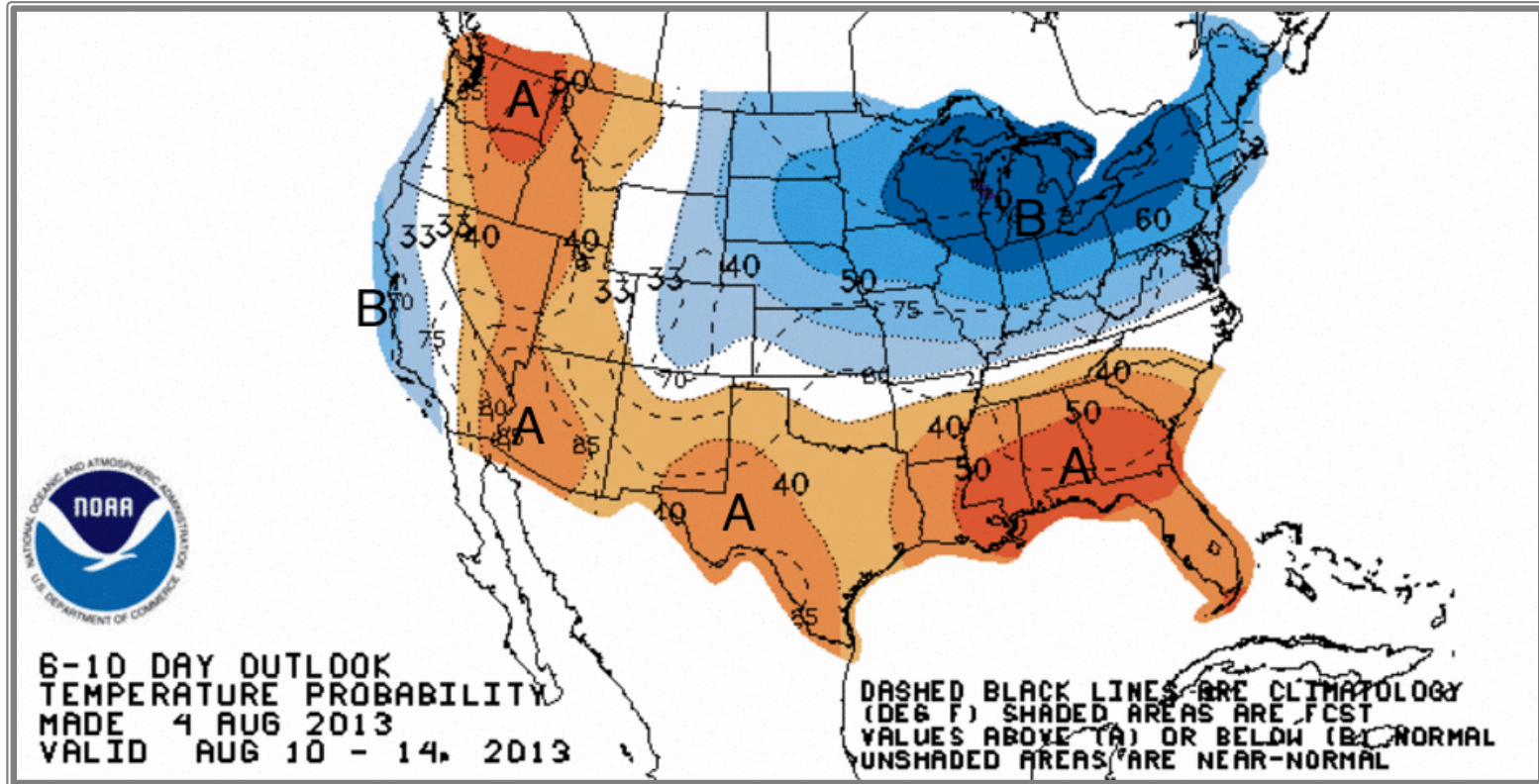
4wk avg
-37
-10.8

Jun
-100
-26.9

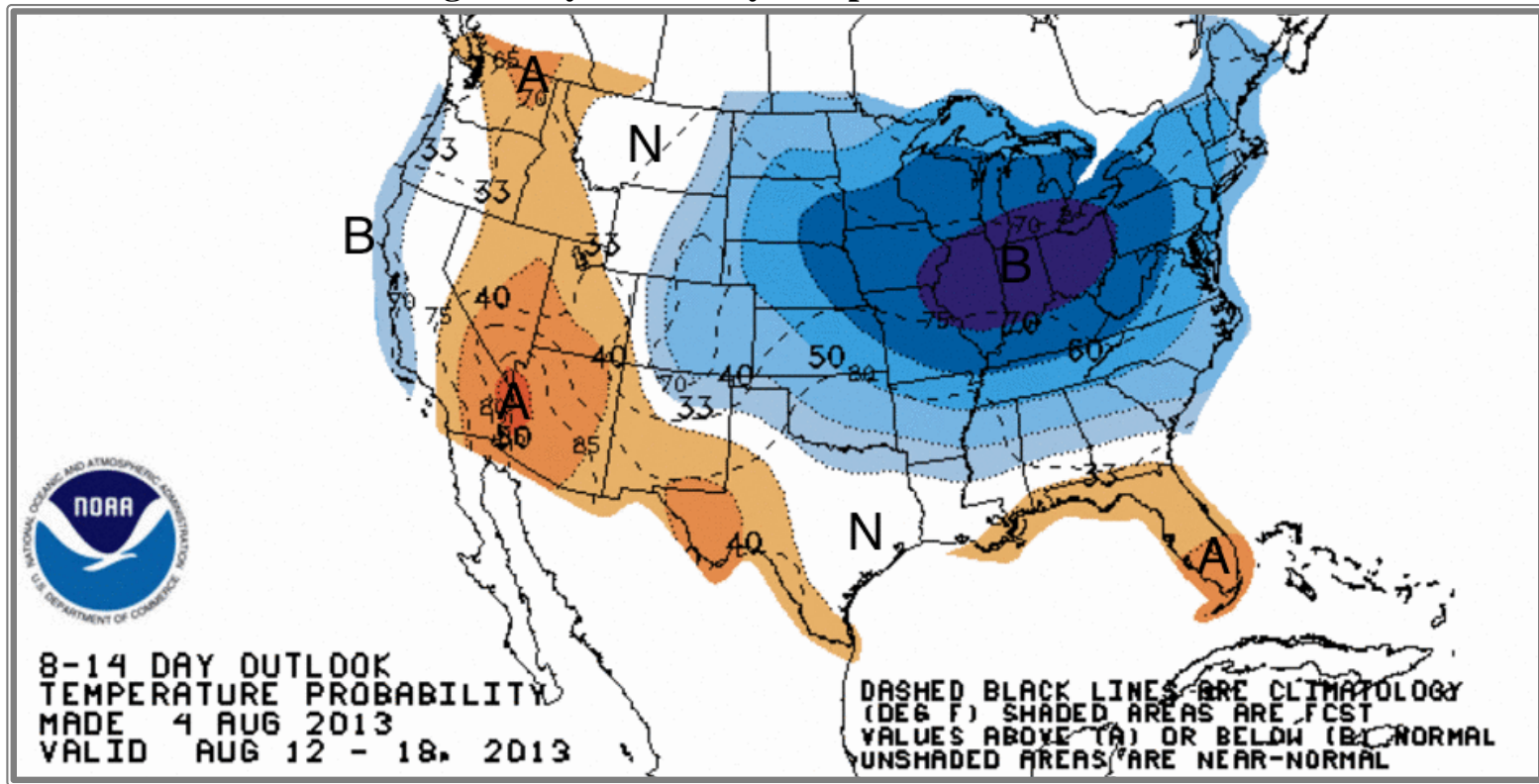
May
111
37.8

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

