



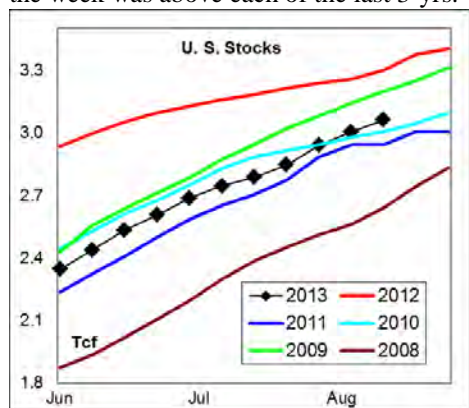
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

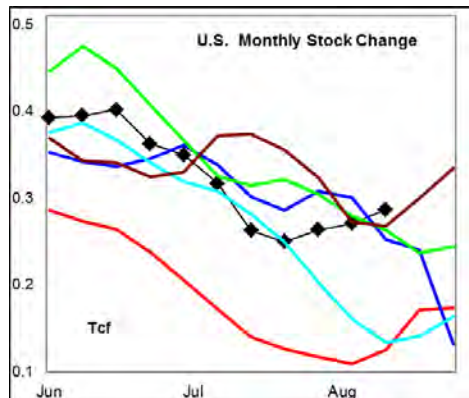
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, August 26, 2013



**Summary**<sup>1</sup> The stock build of +57 Bcf for the week was above each of the last 3-yrs.



The latest 4-wk stock change was a build of 277 Bcf, a 5-yr high for this time of year. Below normal cooling degree days last month has led to sharply higher stock builds than occurred in 2012 and 2010.



In the East Region stocks increased +47 Bcf for the week, a build equal to the historic mid range. Stocks increased +6 Bcf in the West Region, a 3<sup>rd</sup> consecutive record weekly build. Stocks were +4 Bcf higher on the week in the Producing region, an above average build for the week.

**Cooling degree days** were above normal across nearly the entire country last week.

The 6-10 day NWS forecast for the week ending 04Sep13 is for above normal cooling degree days across most of the country, with much above normal in the eastern 1/2 of the country.

### <sup>1</sup> Related Web Sites:

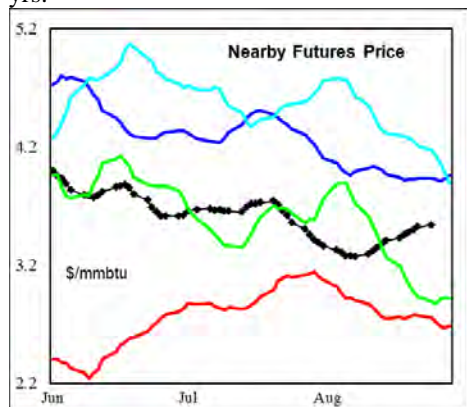
[Data Source is EIA Weekly Statistics](#)

[National Weather Service 6-10 Day](#)

[National Weather Service 10-14 Day](#)

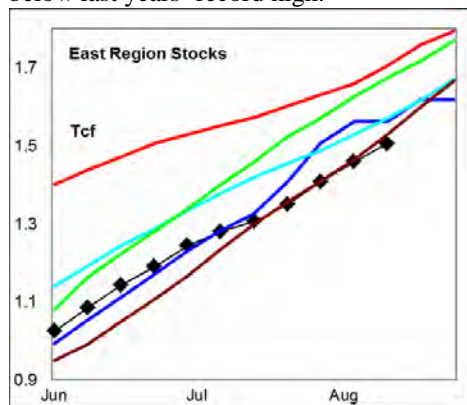
The 8-14 day NWS forecast for the week ending 08Sep13 is for above normal cooling degree days across the country, with the exception of the southwest which is forecast to be near normal.

**Prices:** Nearby gas futures increased +\$0.08/MMBTU for the week ending 26Aug13. The current price level ended the week near the mid range of the last 4-yrs.



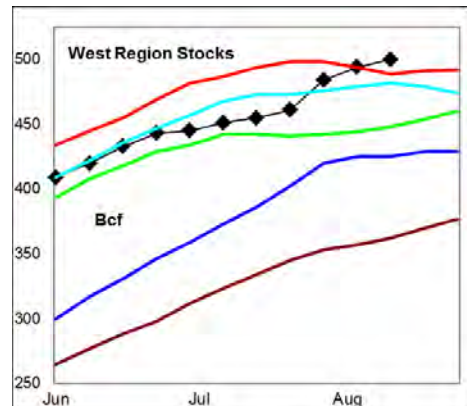
The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded sideways last week at a level that matched historic highs for the week, pointing to a record low carry in the forward price curve ahead of the fall heating season.

**East Region** stocks increased +47 Bcf for the week, a build equal to the 5-yr mid range. The current stock level is -12% below last years' record high.

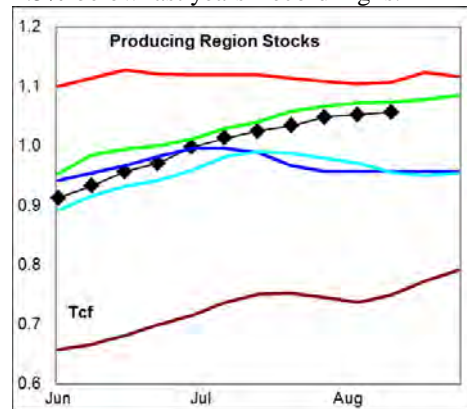


Cooling degree days are forecast to be much above normal in the region for the next 10-days.

**West Region** stocks increased +6 Bcf last week, the 3<sup>rd</sup> consecutive record weekly build. Stock levels ended the week at a 5-yr high for the week. Cooling degree days are forecast to be above normal for the next 10-days.



**Producing Region** stocks increased +4 Bcf for the week, an above average build for the week. Stock levels ended the week -4.5% below last years' record highs.



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 -27% below last year.

**Outlook:** Cooling degree days are forecast to be much above normal over the next 10-days for most of the country.

The latest U.S. 4-wk stock build was a record high for this time of year, reflecting the earlier below normal cooling degree days and very high production.

Above normal cooling degree days across most of the country should lead to below average stock builds during the next 3-wks.

Arrival of the fall 'shoulder season', combined with the high level of stock building, has potential for another price pull back.

## NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: August 26, 2013

For the week ending: 16-Aug-13

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

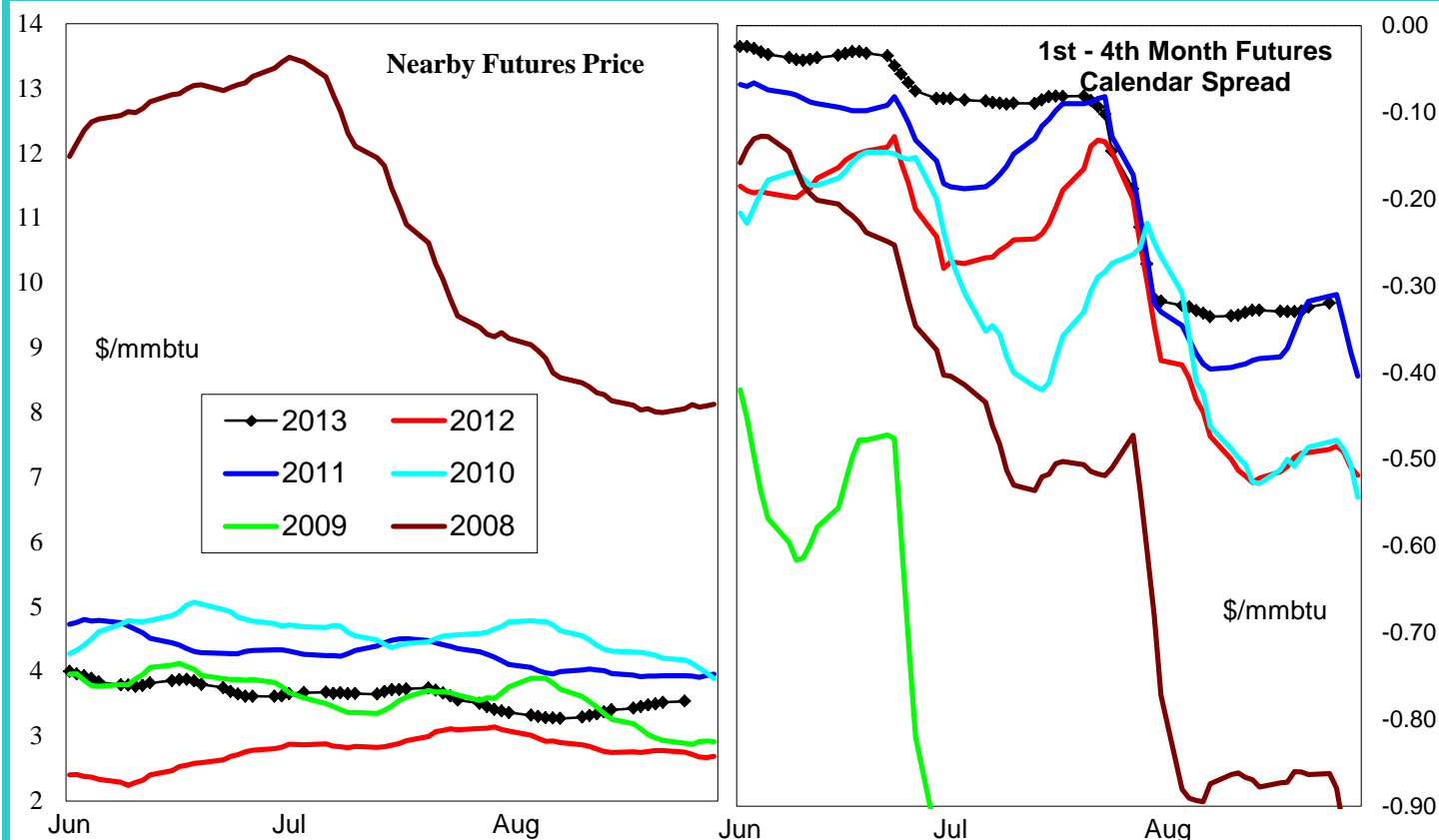
Week ending:	16-Aug-13			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	3,063	57	-7.2	-14	-45%	-2	-33%	-3	-77%
East	1,506	47	-11.7	-17	-39%	-2	-18%	-4	-74%
West	500	6	2.2	-12	-58%	-2	-55%	-5	-78%
Producing	1,057	4	-4.5	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

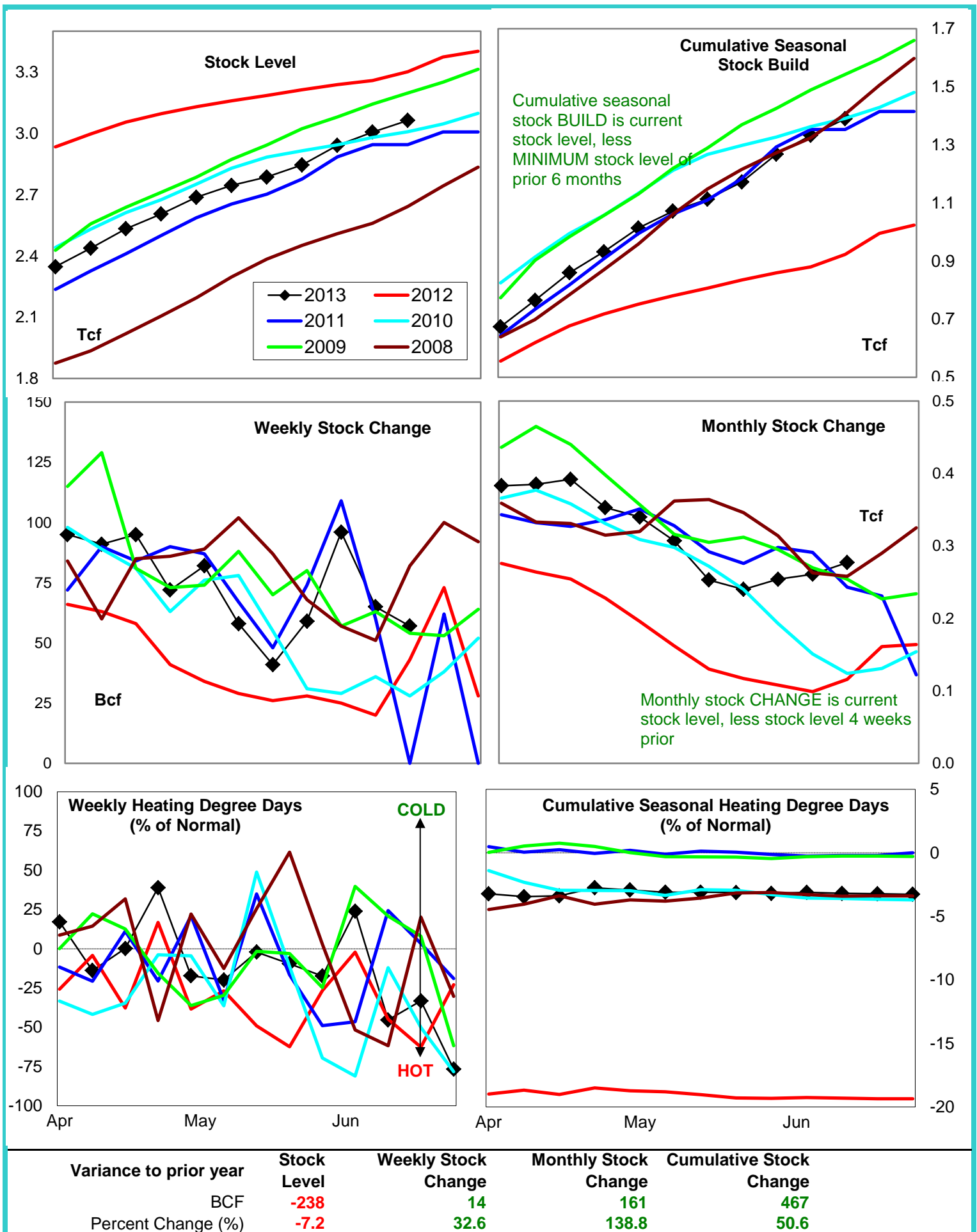
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>1,390</b>	<b>467</b>	<b>33.6</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>860</b>	<b>205</b>	<b>23.8</b>	<b>6</b>	<b>-2.9</b>	<b>4</b>	<b>-2.9</b>	<b>1</b>	<b>-2.9</b>
<b>West</b>	<b>170</b>	<b>25</b>	<b>14.7</b>	<b>10</b>	<b>-4.6</b>	<b>8</b>	<b>-4.7</b>	<b>3</b>	<b>-4.9</b>
<b>Producing</b>	<b>367</b>	<b>225</b>	<b>61.3</b>	<b>0</b>	<b>-4.0</b>	<b>0</b>	<b>-4.1</b>	<b>0</b>	<b>-4.1</b>

### Futures Market Price Trends

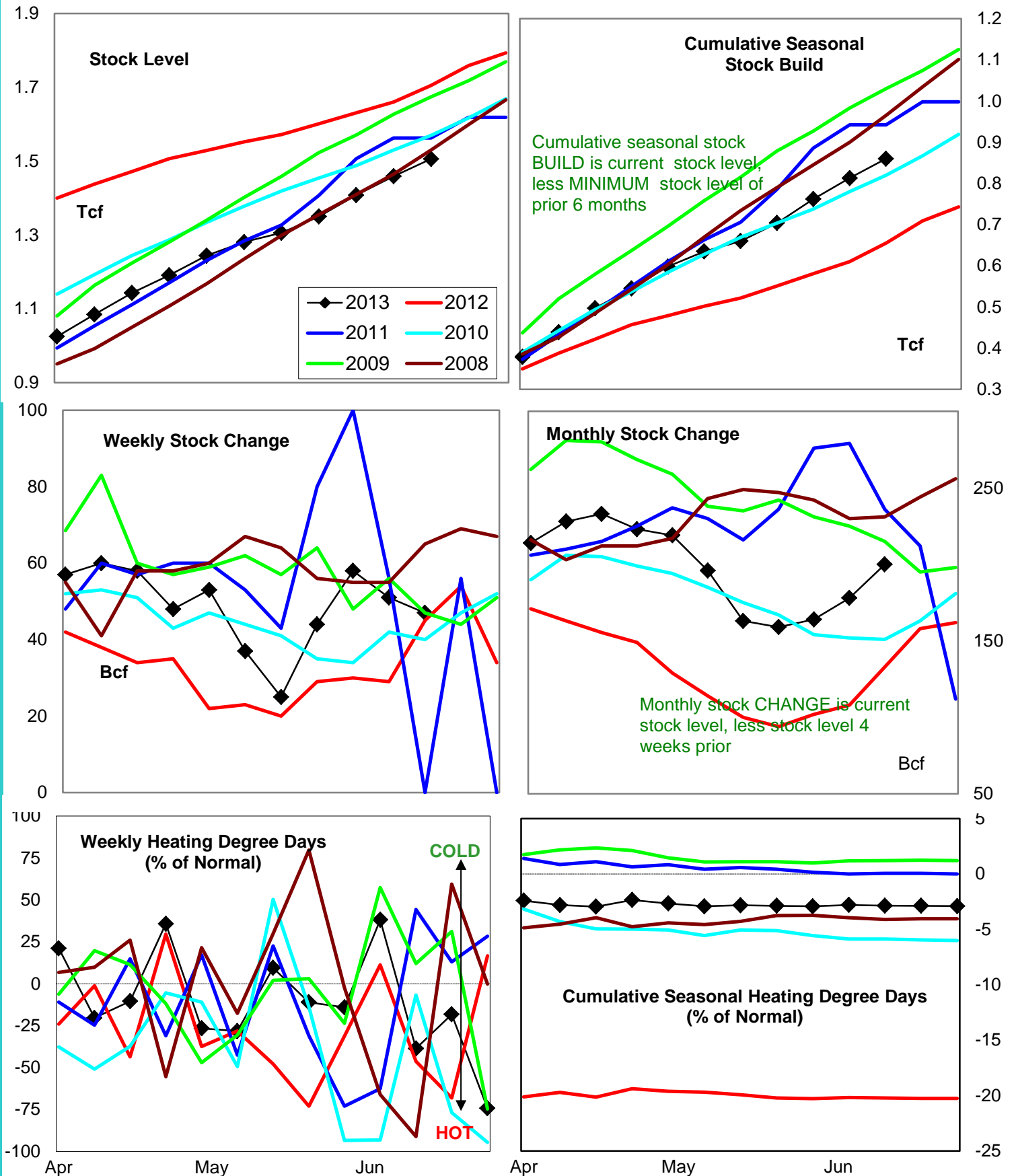
Date:	19-Aug-13	Change vs prior week, month, year		
		13-Aug-13	23-Jul-13	28-Aug-12
<b>1st month Futures</b>	<b>3.54</b>	<b>0.10</b>	<b>0.11</b>	<b>0.76</b>
<b>% change</b>	<b>xxxxx</b>	<b>2.8</b>	<b>3.1</b>	<b>27.5</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

-199

2

67

205

Percent Change (%)

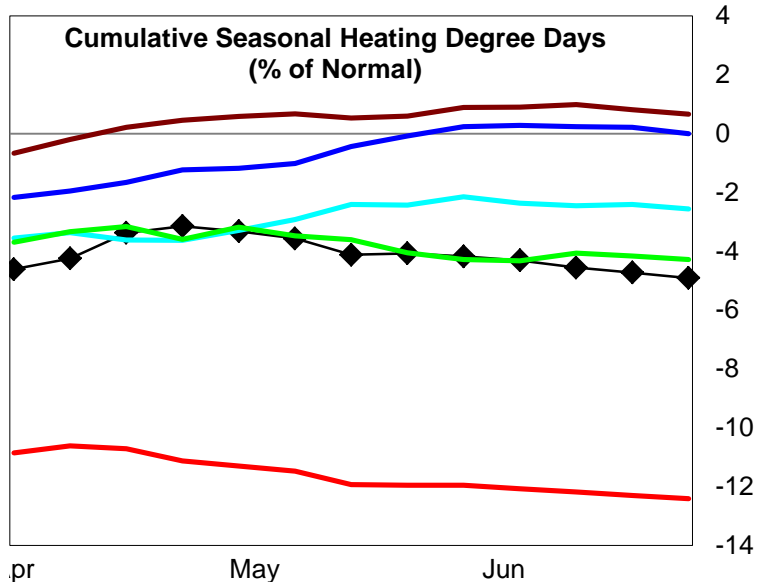
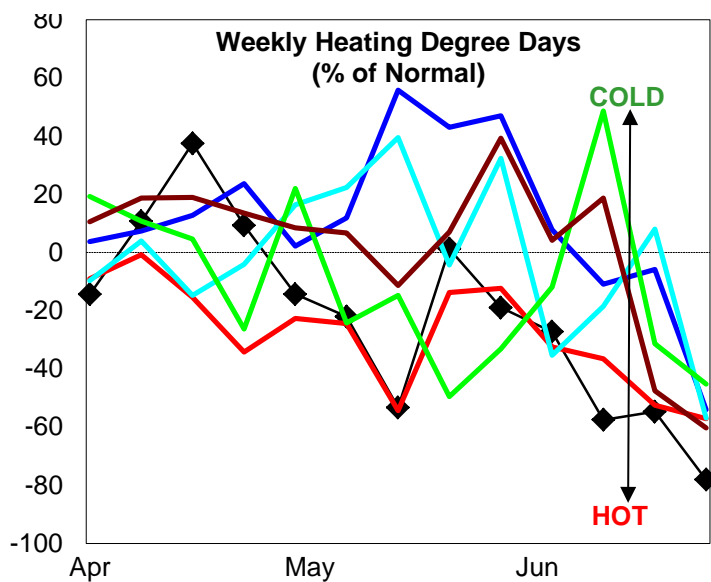
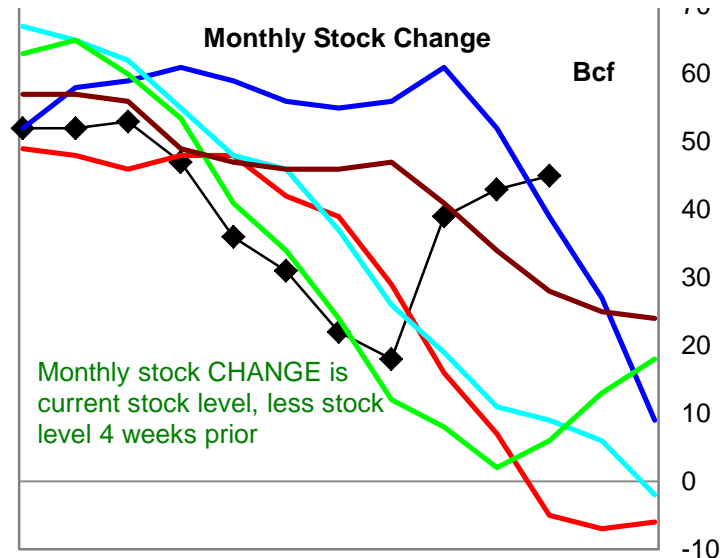
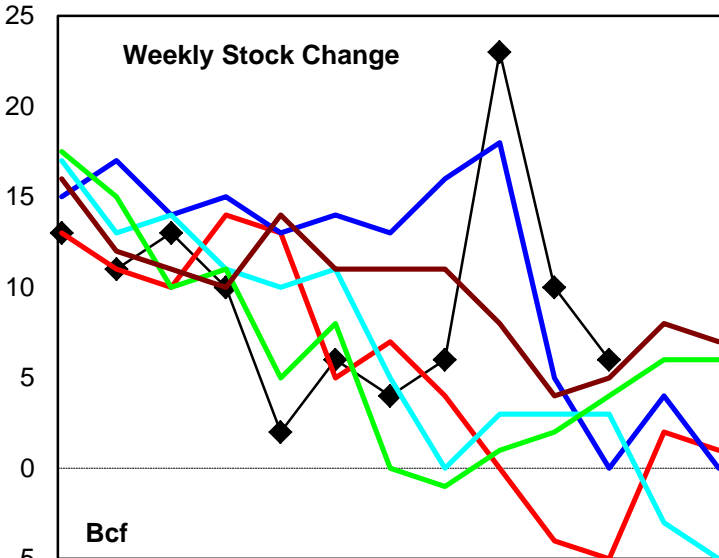
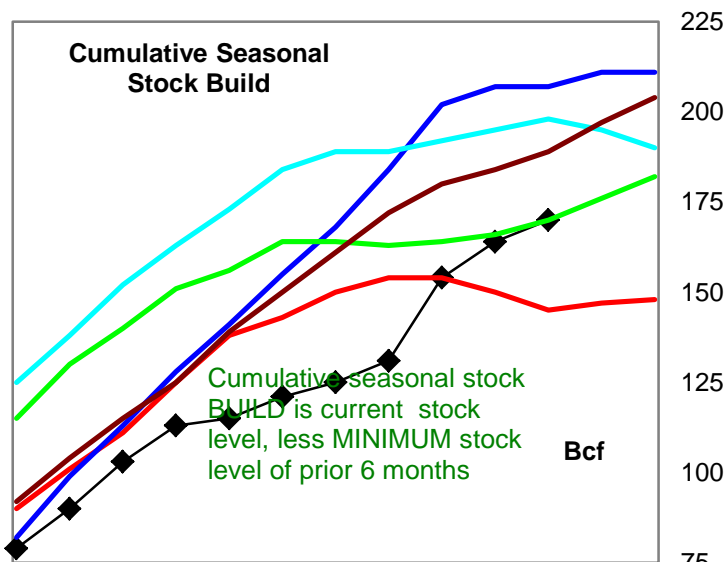
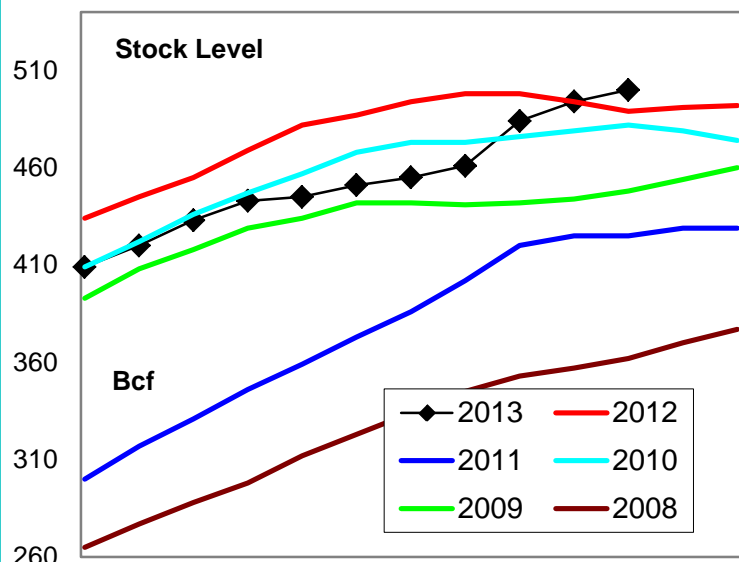
-11.7

4.4

50.4

31.3

# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

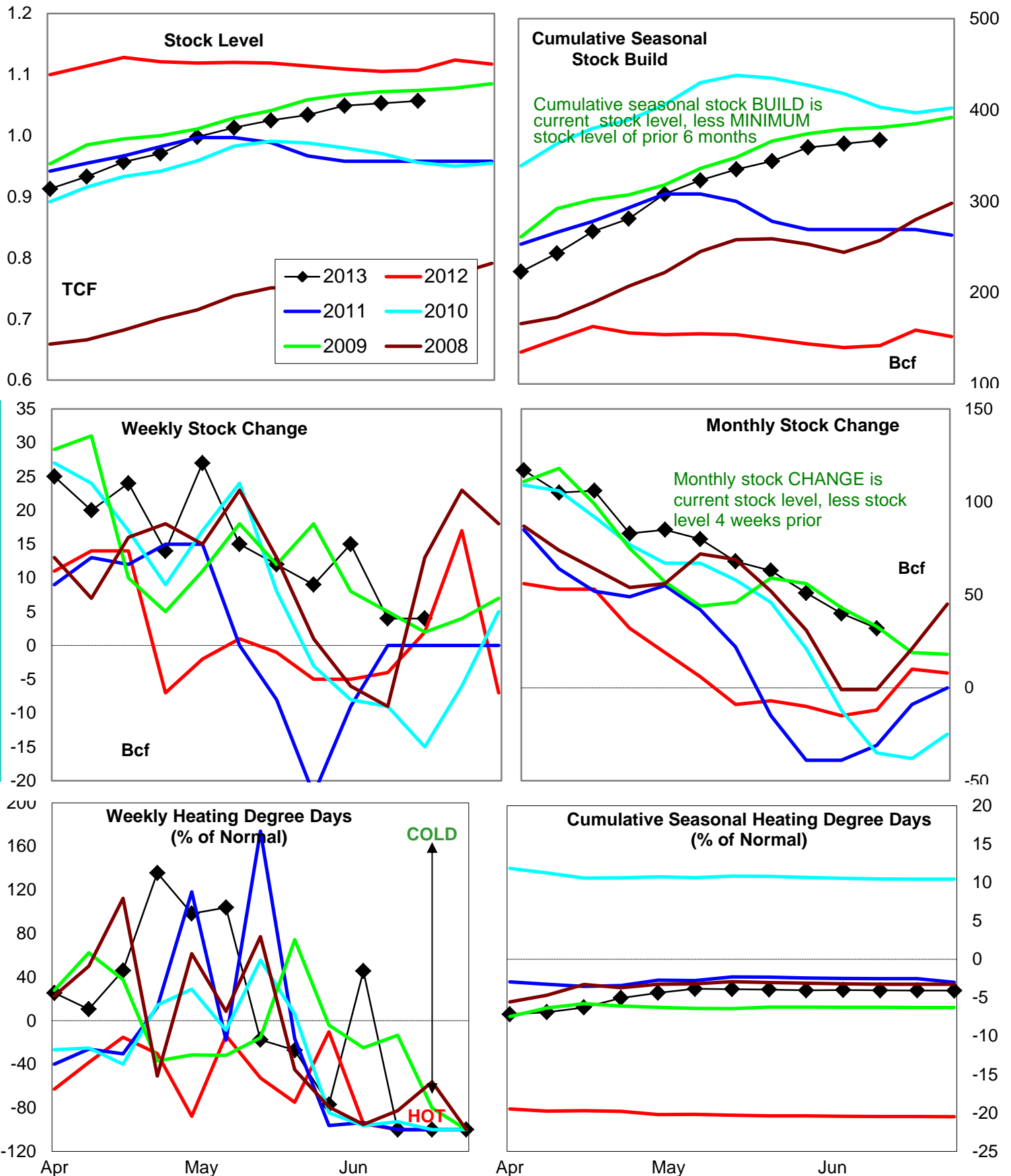
Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)11  
2.211  
-220.050  
-1,000.025  
17.2



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

-50

2

44

225

Percent Change (%)

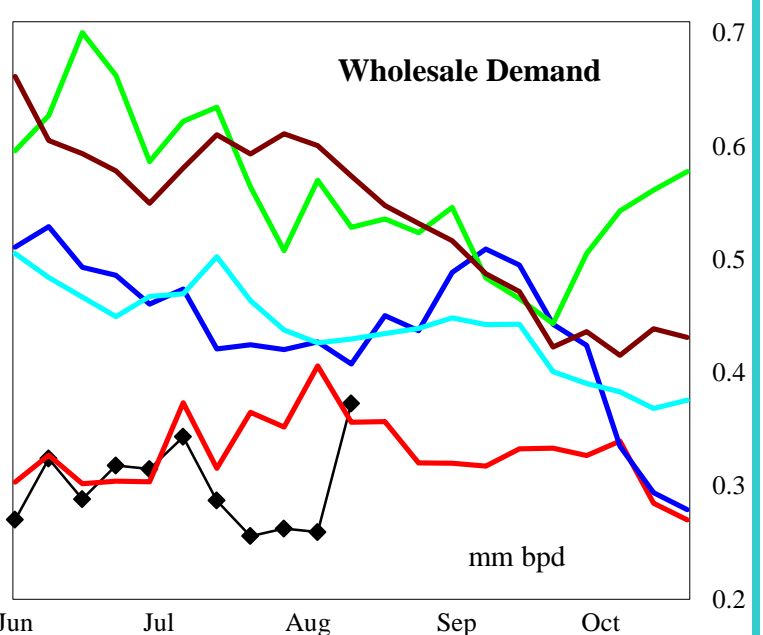
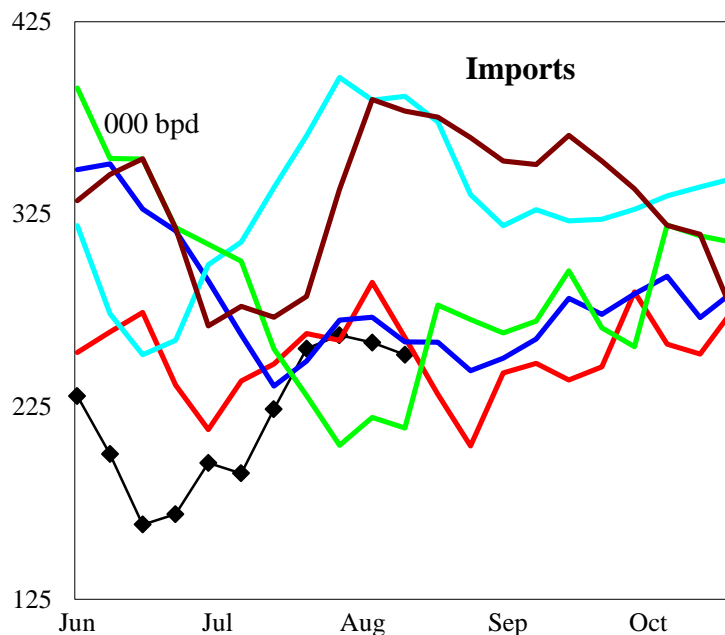
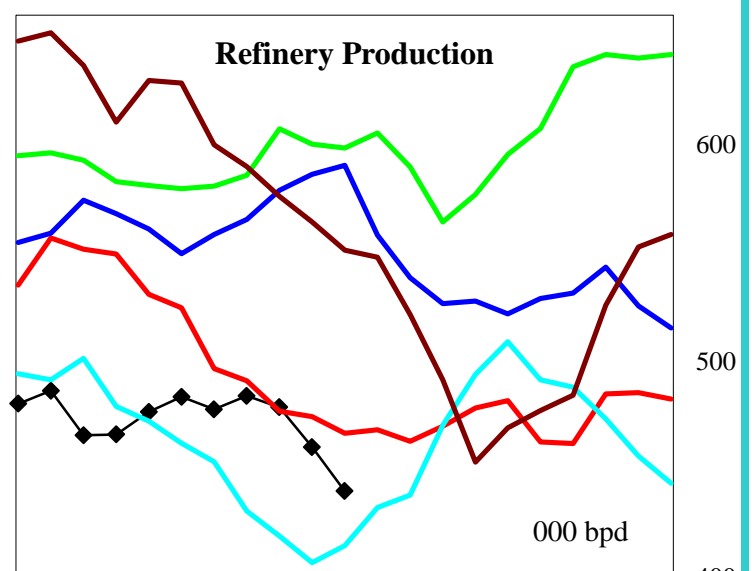
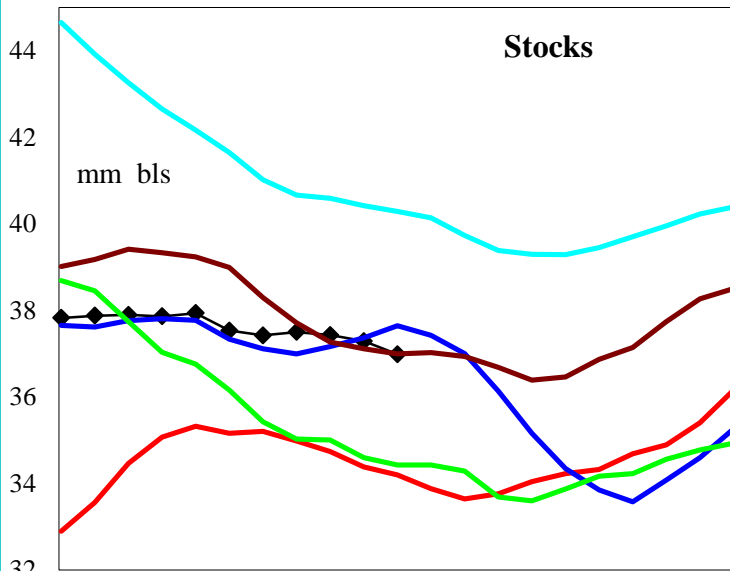
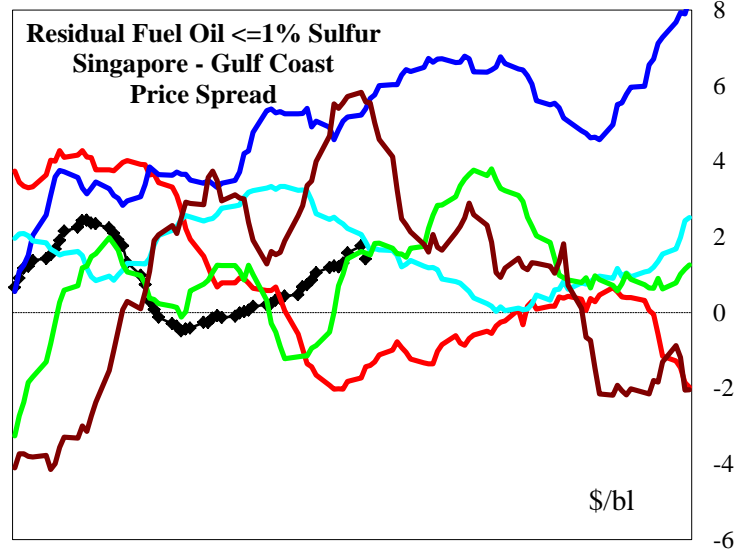
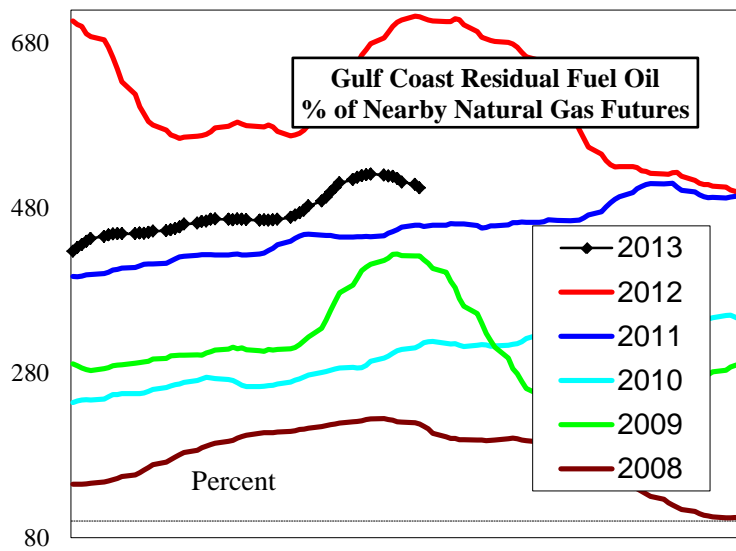
-4.5

100.0

-366.7

158.5

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



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

Stocks  
**2,473**  
**7.2**

Prod  
**-5**  
**-0.9**

Imports  
**-32**  
**-11.3**

Demd=>  
**-103**  
**-26.8**

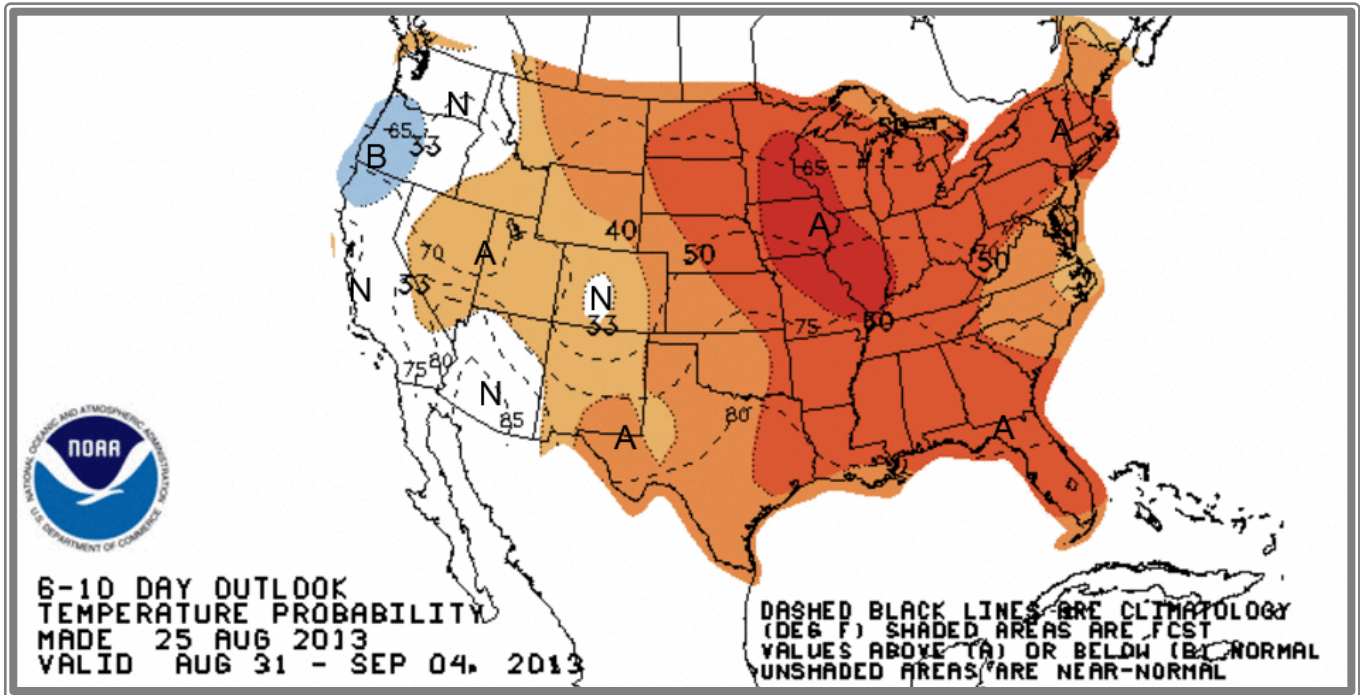
4wk avg  
**-103**  
**-26.8**

Jul  
**-147**  
**-35.2**

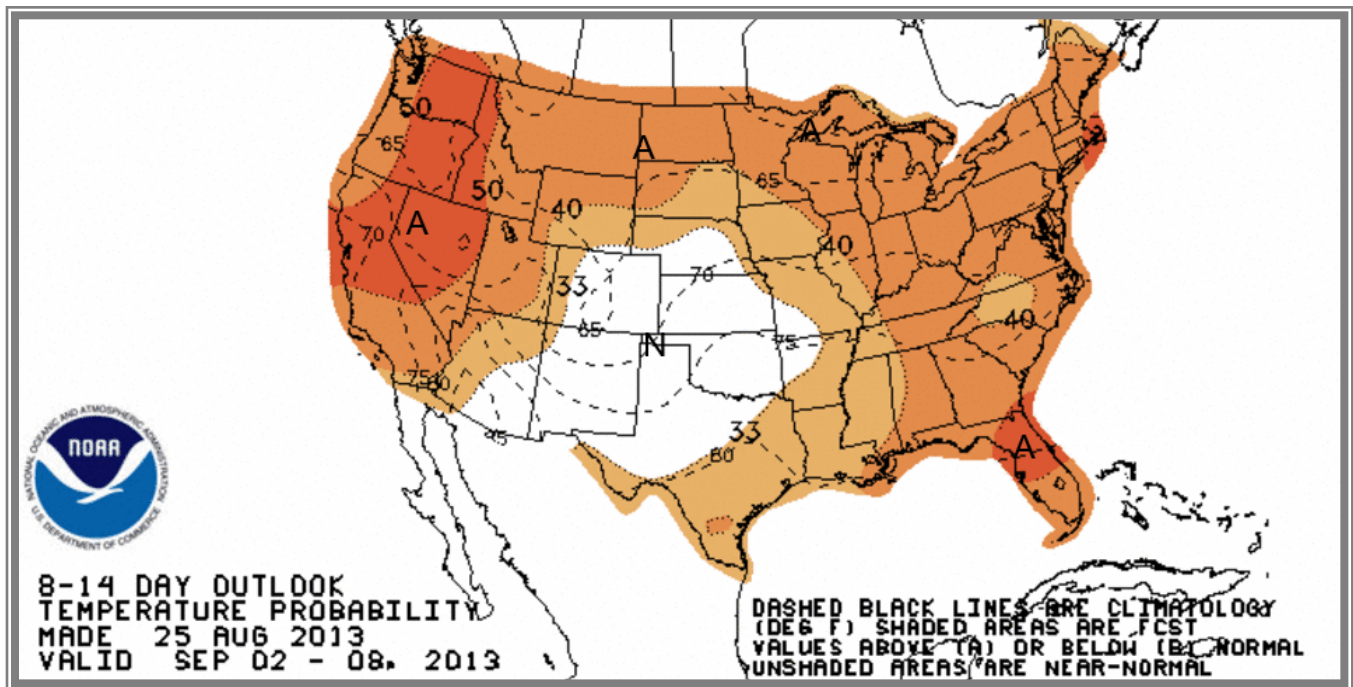
Jun  
**-100**  
**-26.9**

May  
**-79**  
**-26.9**

## 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

