



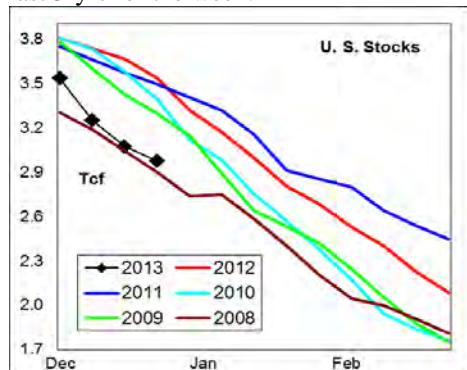
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

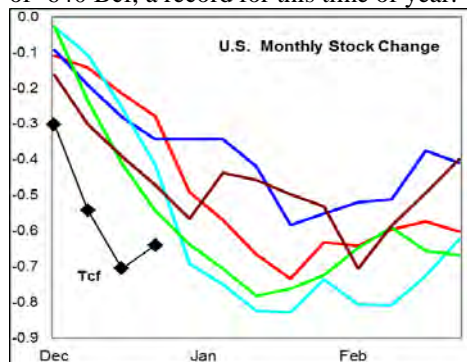
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, January 07, 2014



**Summary**<sup>1</sup> The stock draw of -97 Bcf for the week was less than the average of the last 3-yrs for the week.



The latest 4-wk stock change was a draw of -640 Bcf, a record for this time of year.



In the East Region stocks decreased -67 Bcf for the week, a smaller draw than in four of the last 5-yrs. Stocks decreased -17 Bcf in the West Region, a draw equal to the 5-yr mid range. Stocks decreased -13 Bcf on the week in the Producing region, a draw less than four of the last 5-yrs.

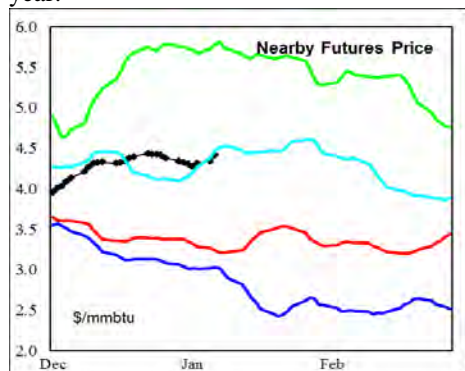
**Heating degree days** were below normal across much of the country for the week ending 27Dec13. Temperatures have been at record lows in most heating regions for the current 10-day period.

The 6-10 day NWS forecast for the week ending 16Jan14 is for above normal temperatures on the east and west coasts, with near normal temperatures in the central 1/2 of the country.

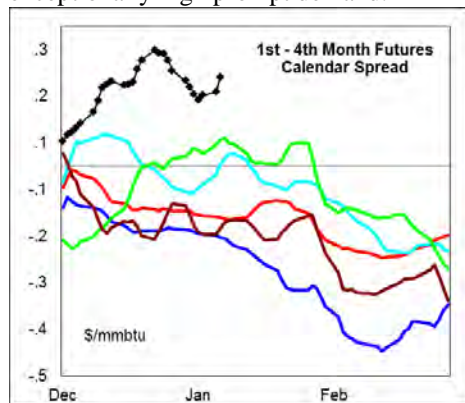
The 8-14 day NWS forecast for the week ending 20Jan14 is for near normal temperatures in the central 1/2 of the

country and above normal temperatures in the western 1/3<sup>rd</sup> of the country.

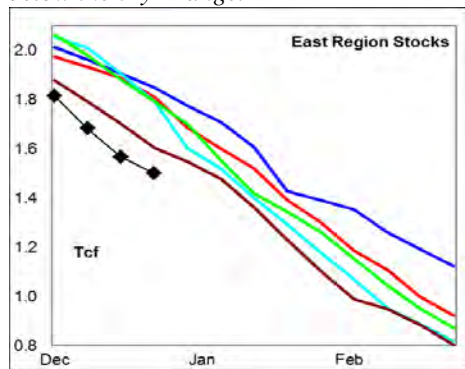
**Prices:** Nearby gas futures increased +\$0.19/mmbtu for the week ending 07Jan14. The current price level ended the week equal to 3-yr highs for this time of year.



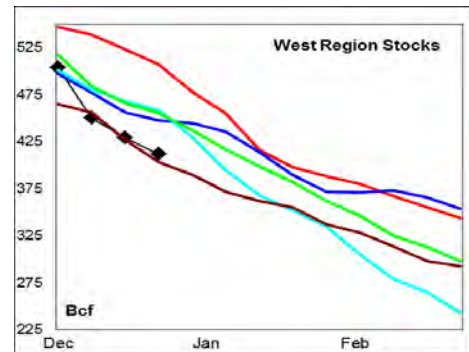
The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve remains at a steep inversion, driven by exceptionally high prompt demand.



**East Region** stocks decreased -67 Bcf for the week, a smaller draw than in four of the last 5-yrs. The current stock level is -17% below last years' record high; and below the 5-yr range.

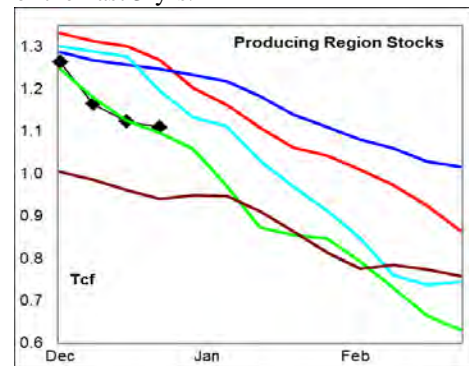


Heating degree days are at extreme levels this week in the region; but forecast to drop below normal over the next 10-days.



**West Region** stocks decreased -17 Bcf last week, a draw equal to the 5-yr mid range. Stock levels ended the week -19% below last years' record high, and equal to 5-yr lows. Heating degree days are forecast to be below normal for the next 10-days.

**Producing Region** stocks declined -13 Bcf for the week, a draw less than four of the last 5-yrs. Stock levels ended the week -13% below last year and well below each of the last 3-yrs.



Near normal heating degree days are forecast for the next 10-days in the region.

**Residual Fuel Oil Switching:** The price spread between fuel oil and natural gas has collapsed in some Eastern Region markets where prompt gas prices have spiked on a supply squeeze.

**Outlook:** Look for record stock draws to be reported for the most recent 2-wk period, ending 10Jan14 on extremely cold temperatures in key heating markets. A supply squeeze in the Northeast led gas utilities to exercise interruptible clauses for commercial/industrial customers this week.

Temperatures are forecast to return to normal in the central 1/2 of the country for the next 10-day forecast with above normal temperatures on the East and West Coasts.

However, a very large snowpack should lead to below average temperatures in key heating markets over the next 60-days – driving large stock draws and supporting prices.

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

[Data Source is EIA Weekly Statistics](http://Data Source is EIA Weekly Statistics)

[National Weather Service 6-10 Day](http://National Weather Service 6-10 Day)

[National Weather Service 10-14 Day](http://National Weather Service 10-14 Day)

## NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: January 7, 2014

For the week ending: 27-Dec-13

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

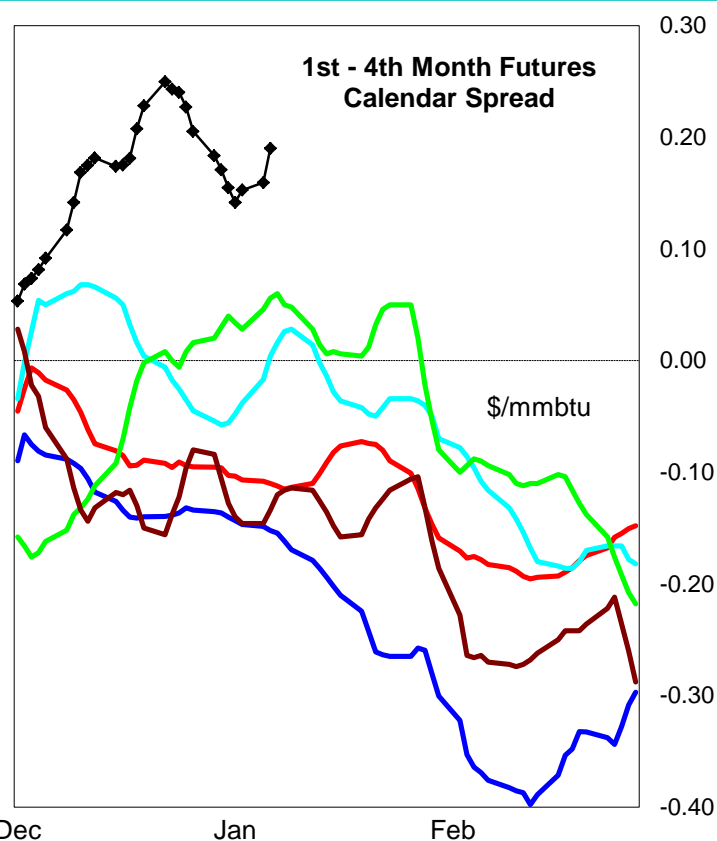
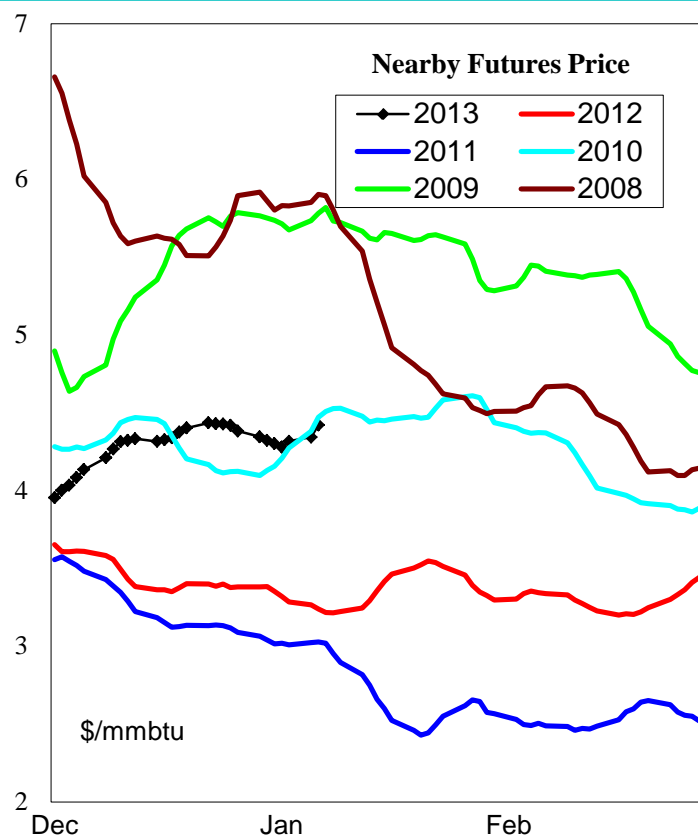
Week ending:	27-Dec-13			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,974	-97	-15.9	-14	-45%	-2	-33%	-3	-77%
East	1,501	-67	-17.1	-17	-39%	-2	-18%	-4	-74%
West	412	-17	-18.7	-12	-58%	-2	-55%	-5	-78%
Producing	1,061	-13	-12.9	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

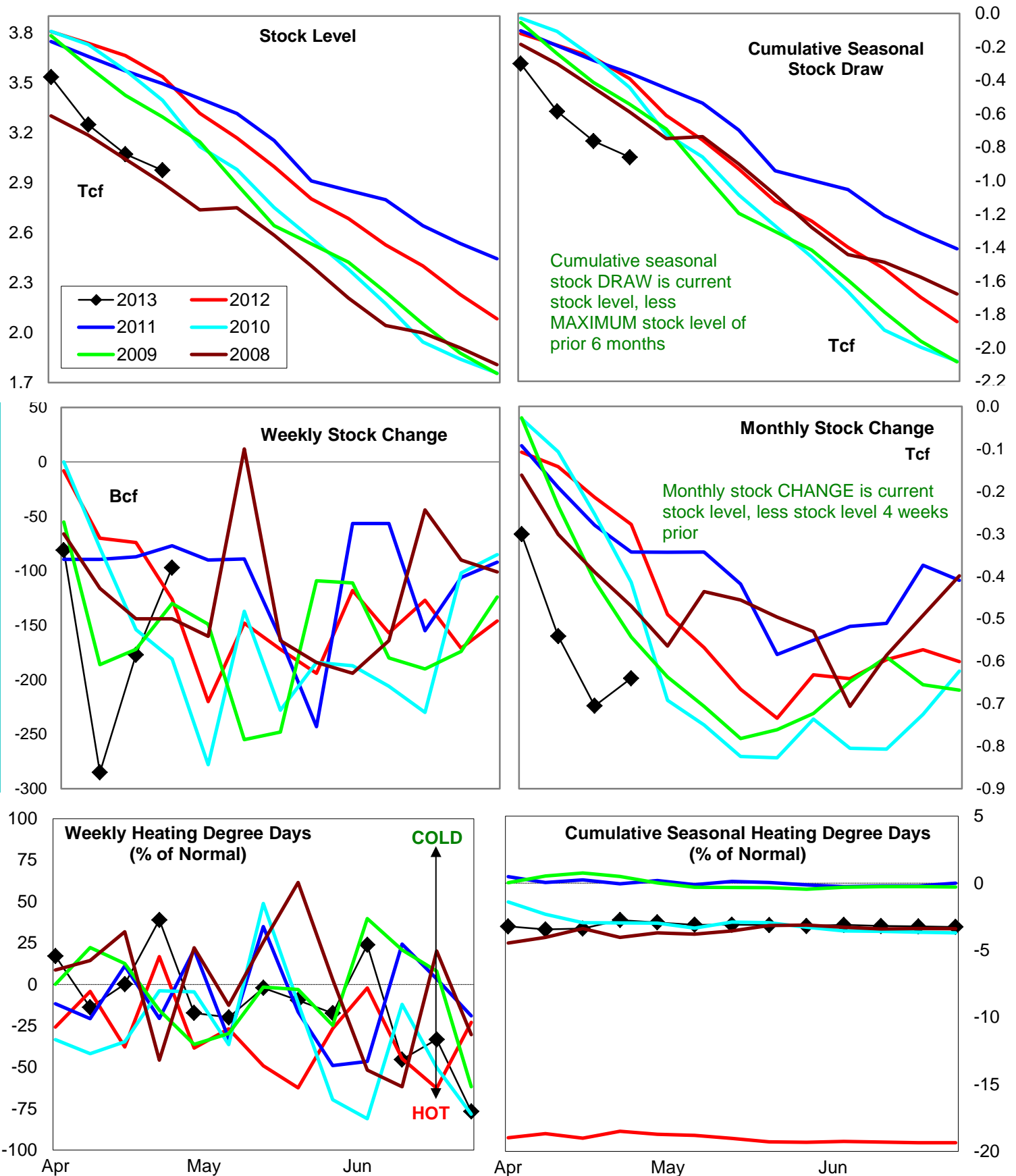
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-860</b>	<b>-470</b>	<b>54.7</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-483</b>	<b>-199</b>	<b>41.2</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>-143</b>	<b>-99</b>	<b>69.2</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>-236</b>	<b>-167</b>	<b>70.8</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:	7-Jan-14	Change vs prior week, month, year		
		1-Jan-14	11-Dec-13	16-Jan-13
<b>1st month Futures</b>	<b>4.42</b>	<b>0.19</b>	<b>0.08</b>	<b>0.85</b>
<b>% change</b>	<b>xxxxx</b>	<b>4.5</b>	<b>1.9</b>	<b>23.9</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-562

29

-362

-470

Percent Change (%)

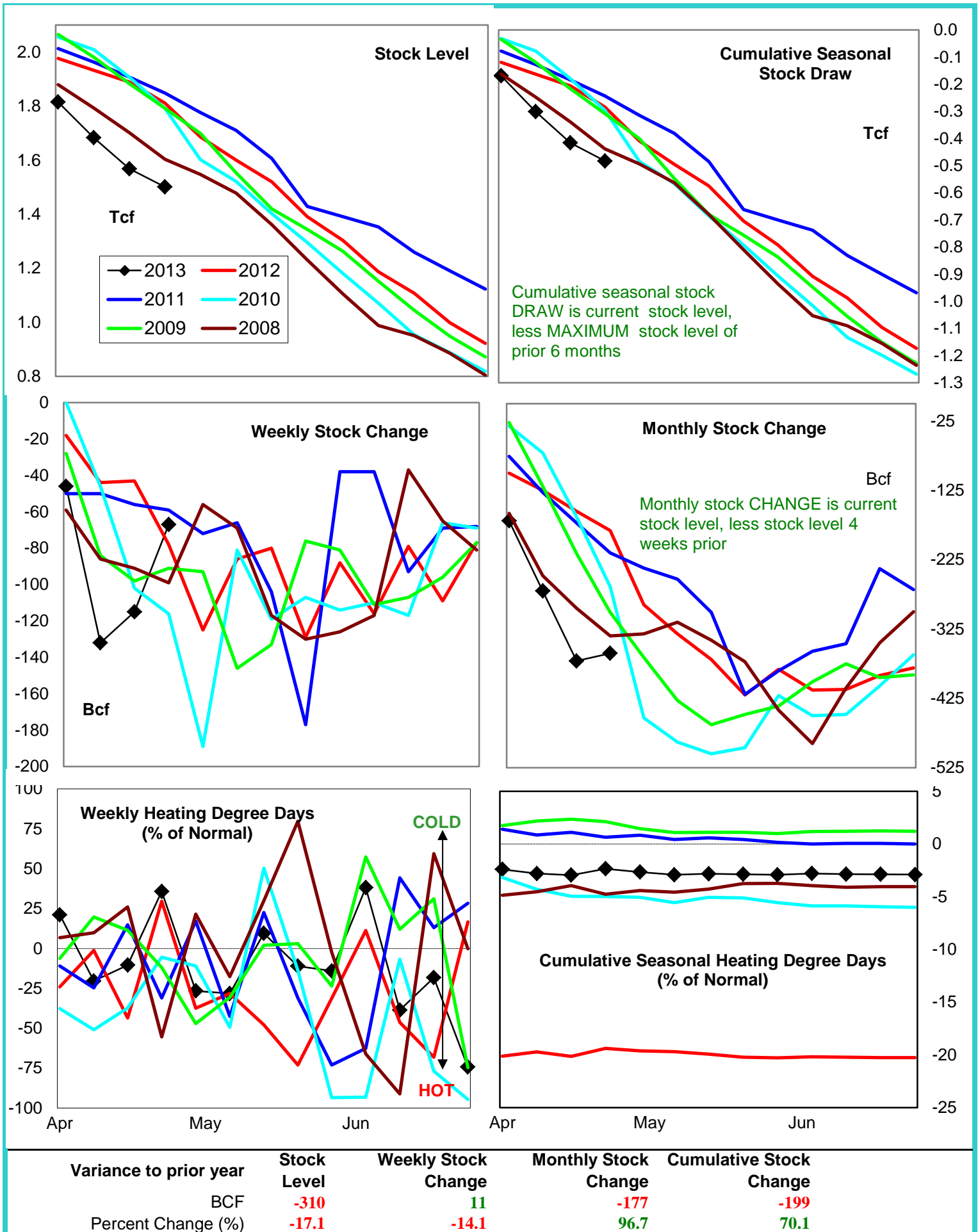
-15.9

-23.0

130.2

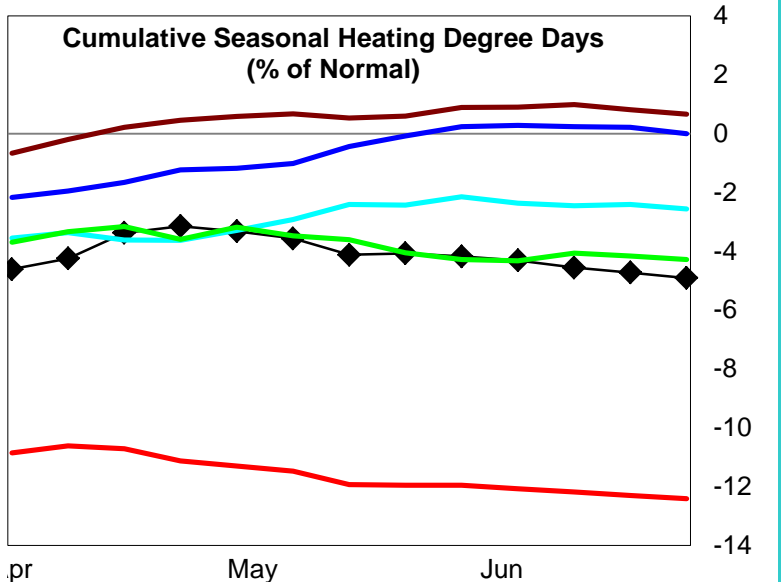
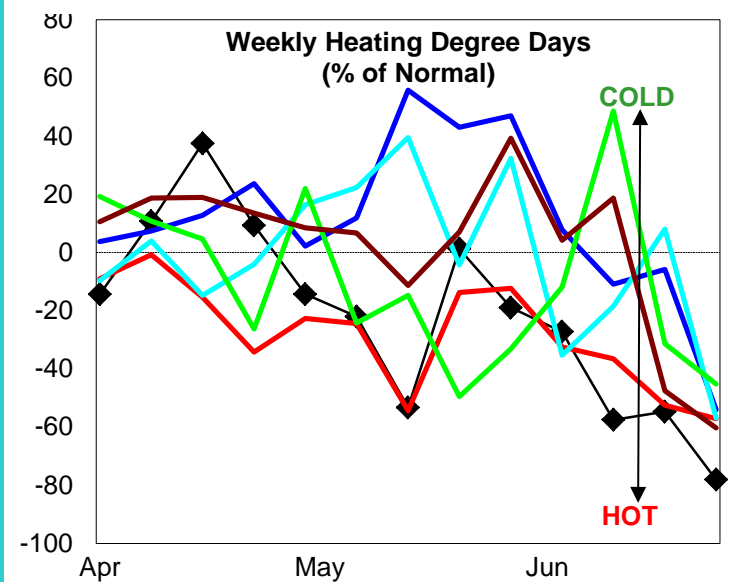
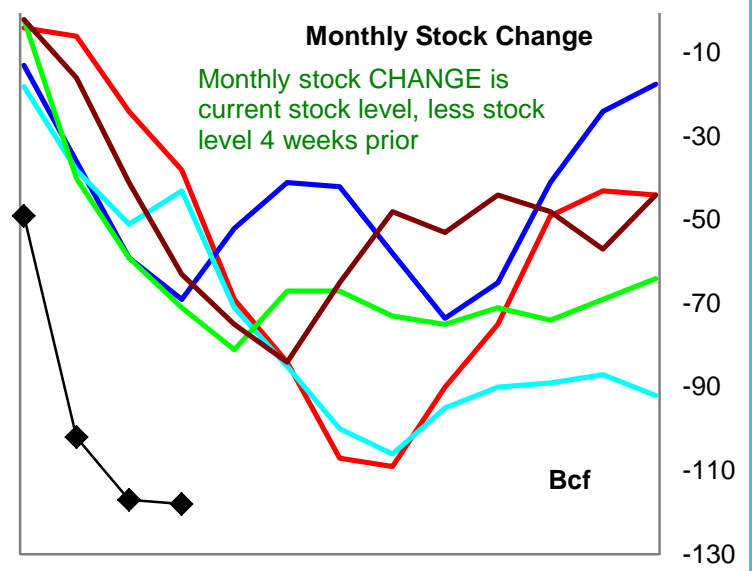
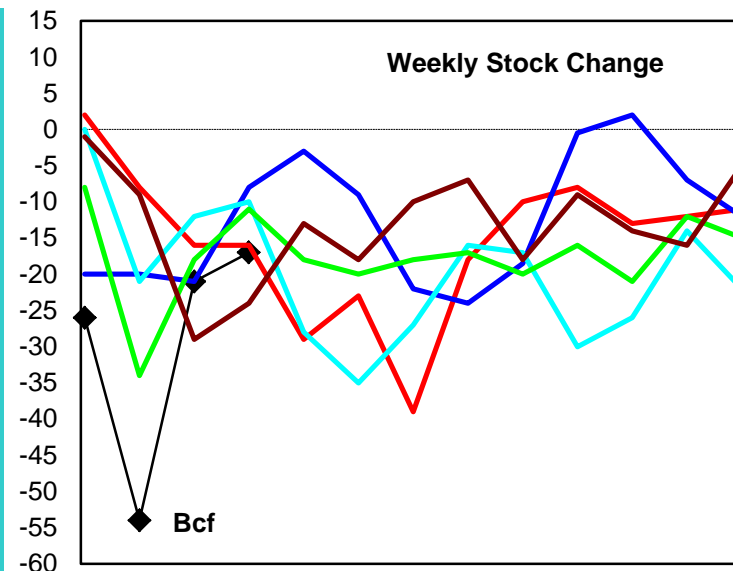
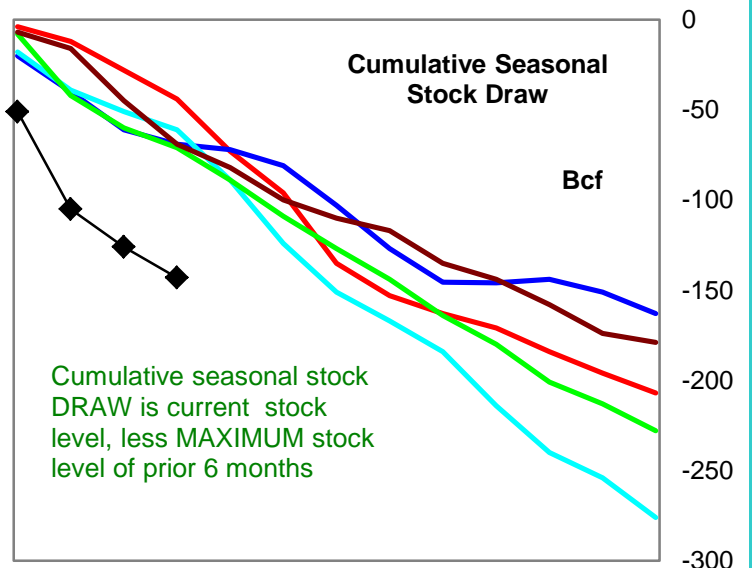
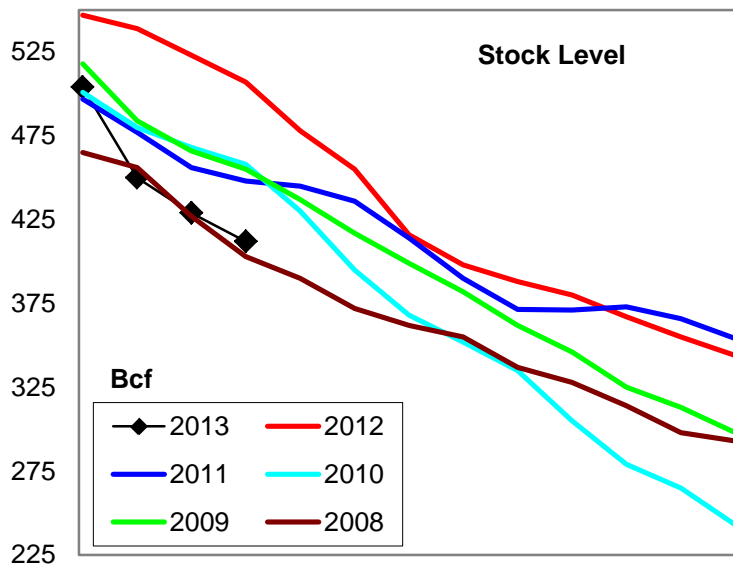
120.5

# 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

-95

-1

-80

-99

Percent Change (%)

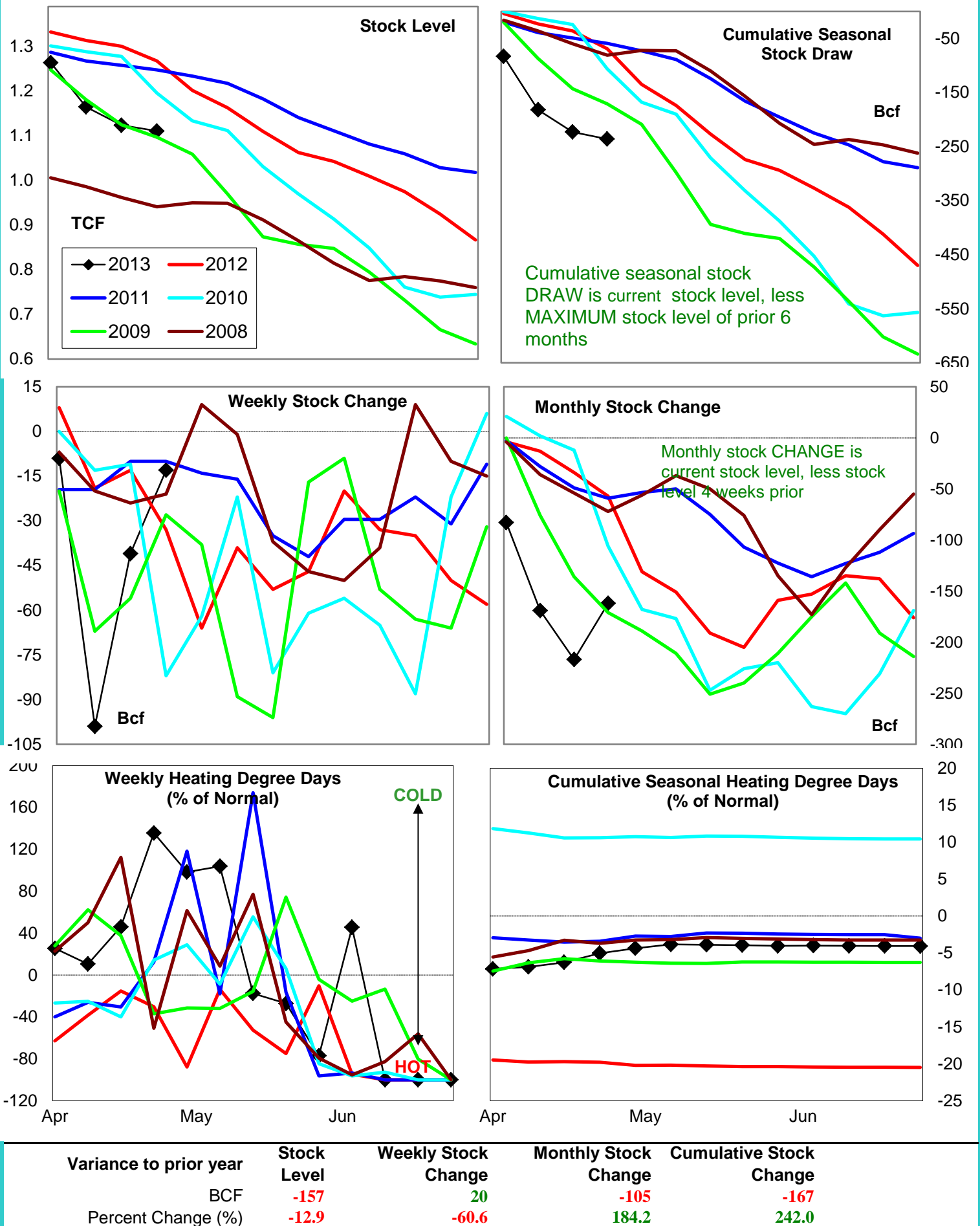
-18.7

6.3

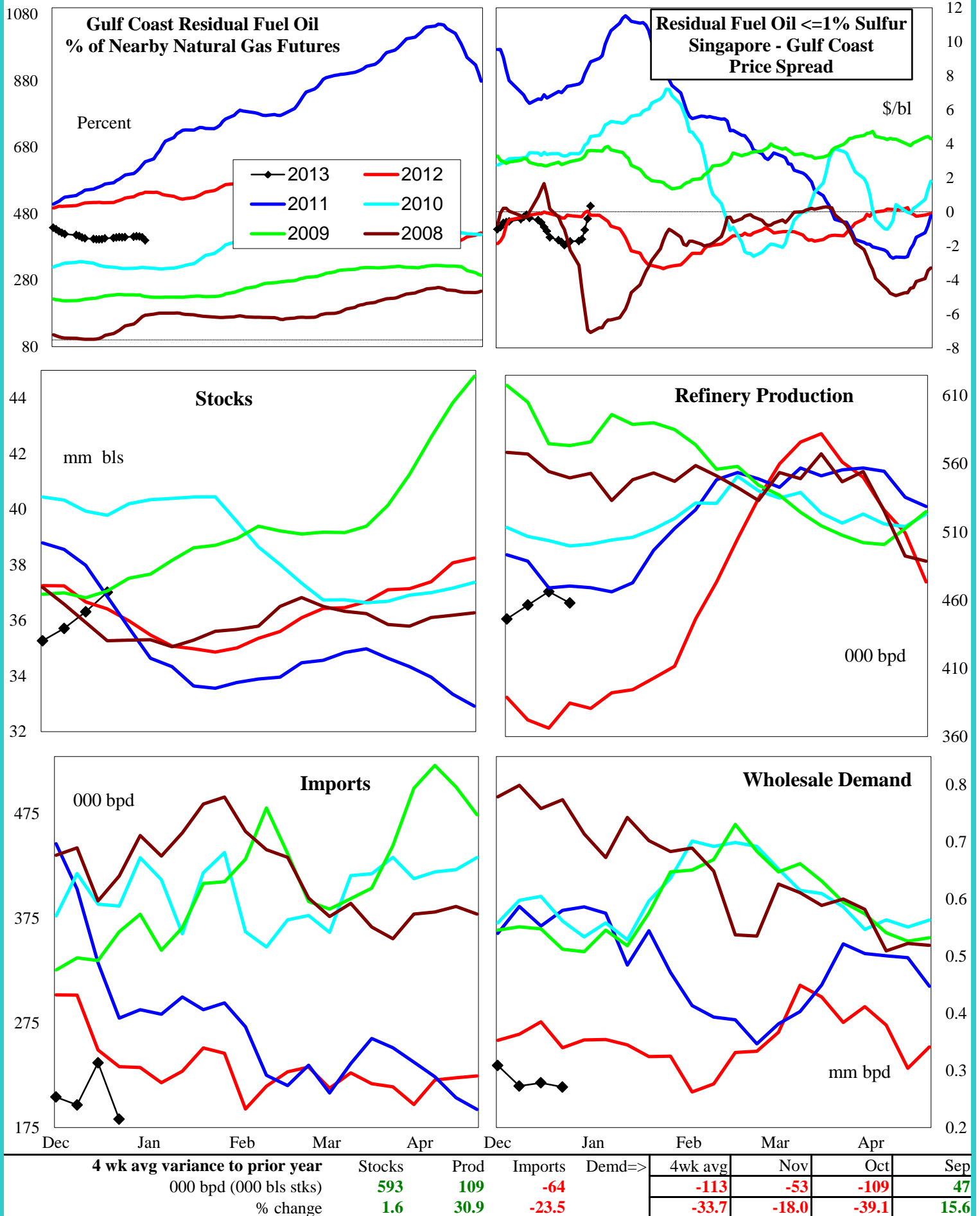
210.5

225.0

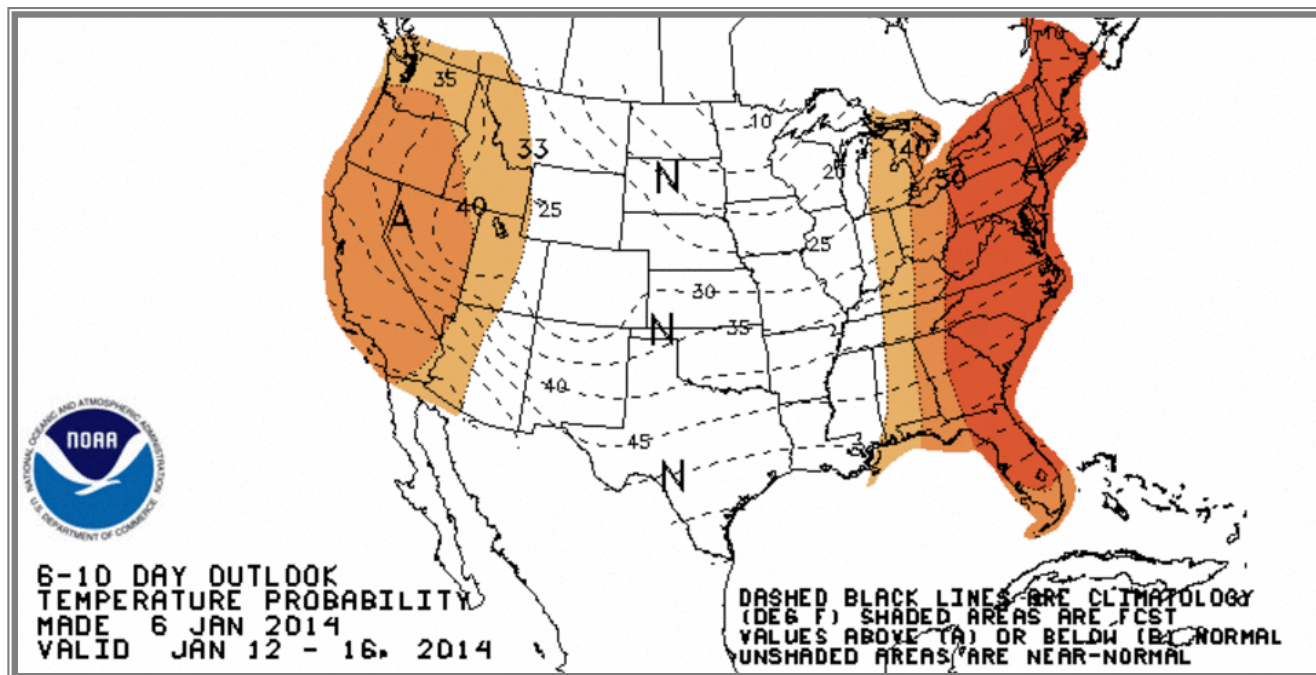
# Natural Gas Producing Region Stock and Weather Trends



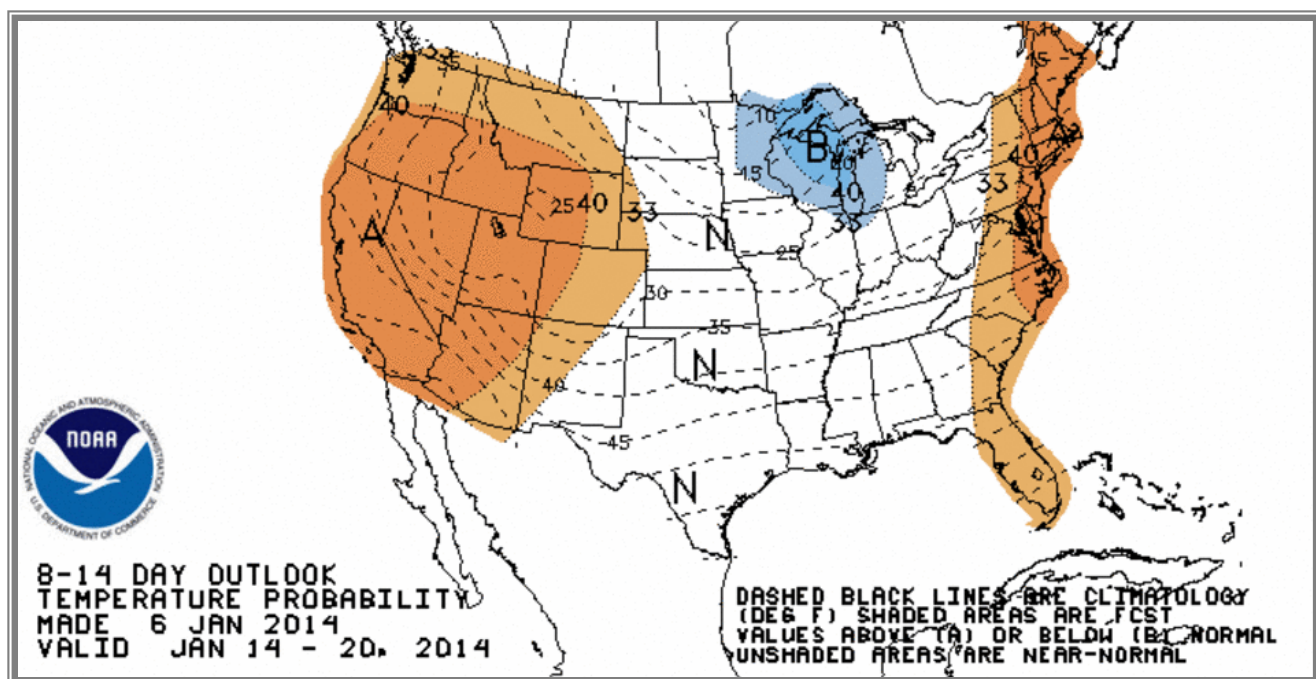
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

