

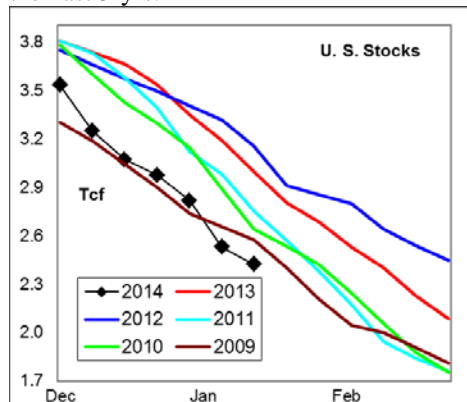
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

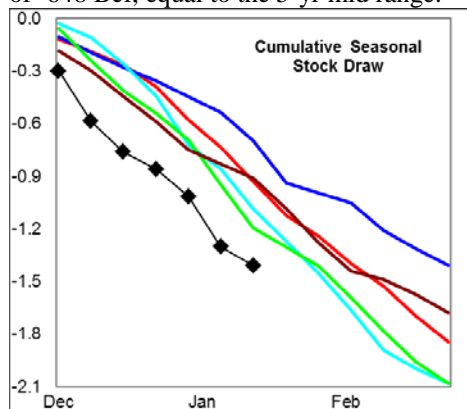
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, January 27, 2014



**Summary** <sup>1</sup> The stock draw of -107 Bcf for the week was a draw less than four of the last 5-yrs.



The latest 4-wk stock change was a draw of -648 Bcf, equal to the 5-yr mid range.



In the East Region stocks decreased -67 Bcf for the week, the smallest draw of the last 5-yrs for the week. Stocks decreased -15 Bcf in the West Region, a draw less than four of the last 5-yrs for the period. Stocks decreased -25 Bcf on the week in the Producing region, the smallest draw of the last 5-yrs for the week.

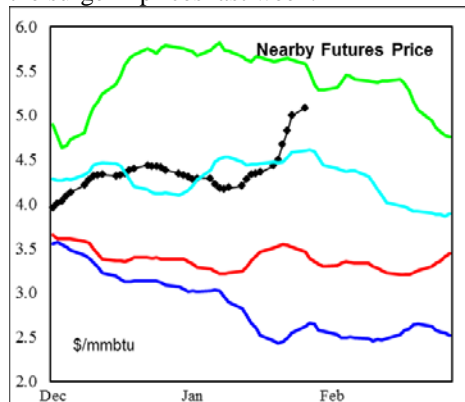
**Heating degree days** were below normal across much of the country for the week ending 17Jan14.

The 6-10 day NWS forecast for the week ending 05Feb14 is for very high heating degree days in the northern 1/2 of the country and below normal in the south and eastern 1/3<sup>rd</sup> of the country.

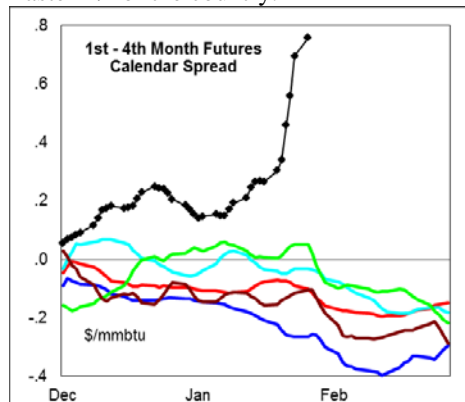
The 8-14 day NWS forecast for the

week ending 09Feb14 is for above normal heating degree days across nearly the entire country.

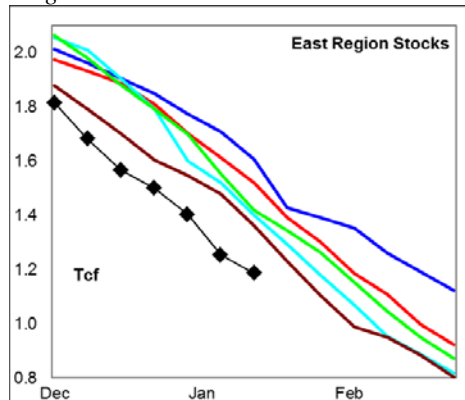
**Prices:** Nearby gas futures spiked +\$0.76/mmbtu for the week ending 27Jan14. Extremely high heating degree days in the eastern 1/2 of the country led to the surge in prices last week.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve spiked higher last week, driven by the extremely high heating degree days in the Eastern 1/2 of the country.

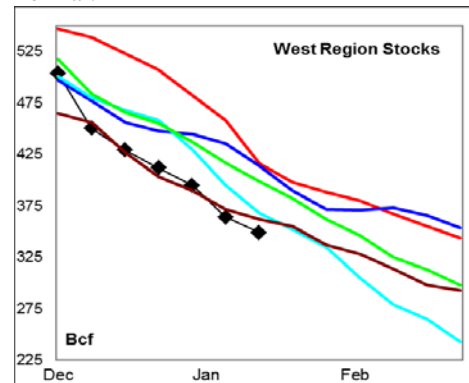


**East Region** stocks decreased -67 Bcf for the week, a record low draw for the week. The current stock level is -22% below last years' record high; and below the 5-yr range.



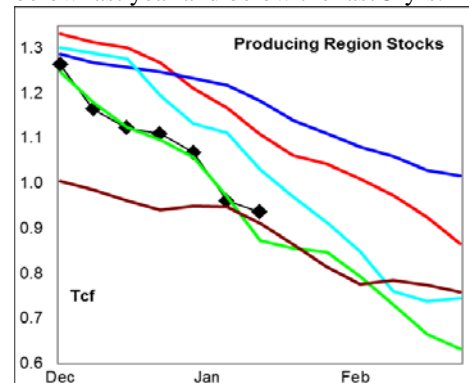
Heating degree days were at extremely high levels last week, and forecast to

moderate over the next 10-days to below normal.



**West Region** stocks decreased -15 Bcf last week, a draw less than four of the last 5-yrs. Stock levels ended the week -16% below last years' record high, and below the 5-yr range. Heating degree days are forecast to be above normal for the next 10-days.

**Producing Region** stocks declined -25 Bcf for the week, a record low draw for the week. Stock levels ended the week -16% below last year and below 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 may favor residual fuel in some local eastern markets where pipeline capacity constraints exist.

**Outlook:** Look for extremely high stock draws to be reported through early February.

The large snowpack should lead to below average temperatures in key heating markets over the next 30-days – driving above average stock draws and supporting prices. An extremely inverted forward price curve points to potential for a large price pull back on an end to winter heating demand.

### <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 27, 2014

For the week ending: 5-Jan-14

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

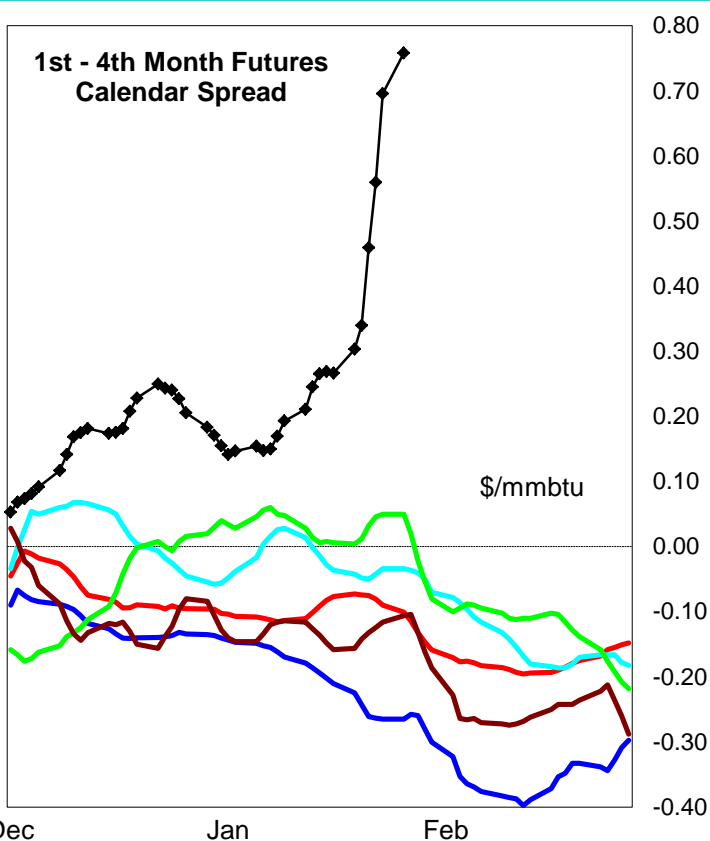
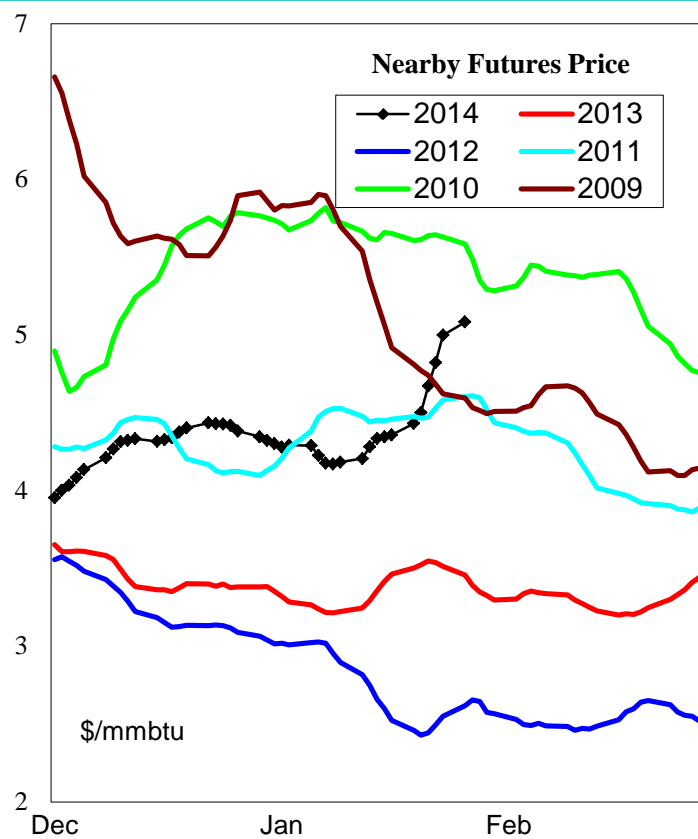
Week ending:	5-Jan-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	2,423	-107	-19.1	-14	-45%	-2	-33%	-3	-77%
East	1,187	-67	-21.9	-17	-39%	-2	-18%	-4	-74%
West	349	-15	-16.1	-12	-58%	-2	-55%	-5	-78%
Producing	887	-25	-16.3	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

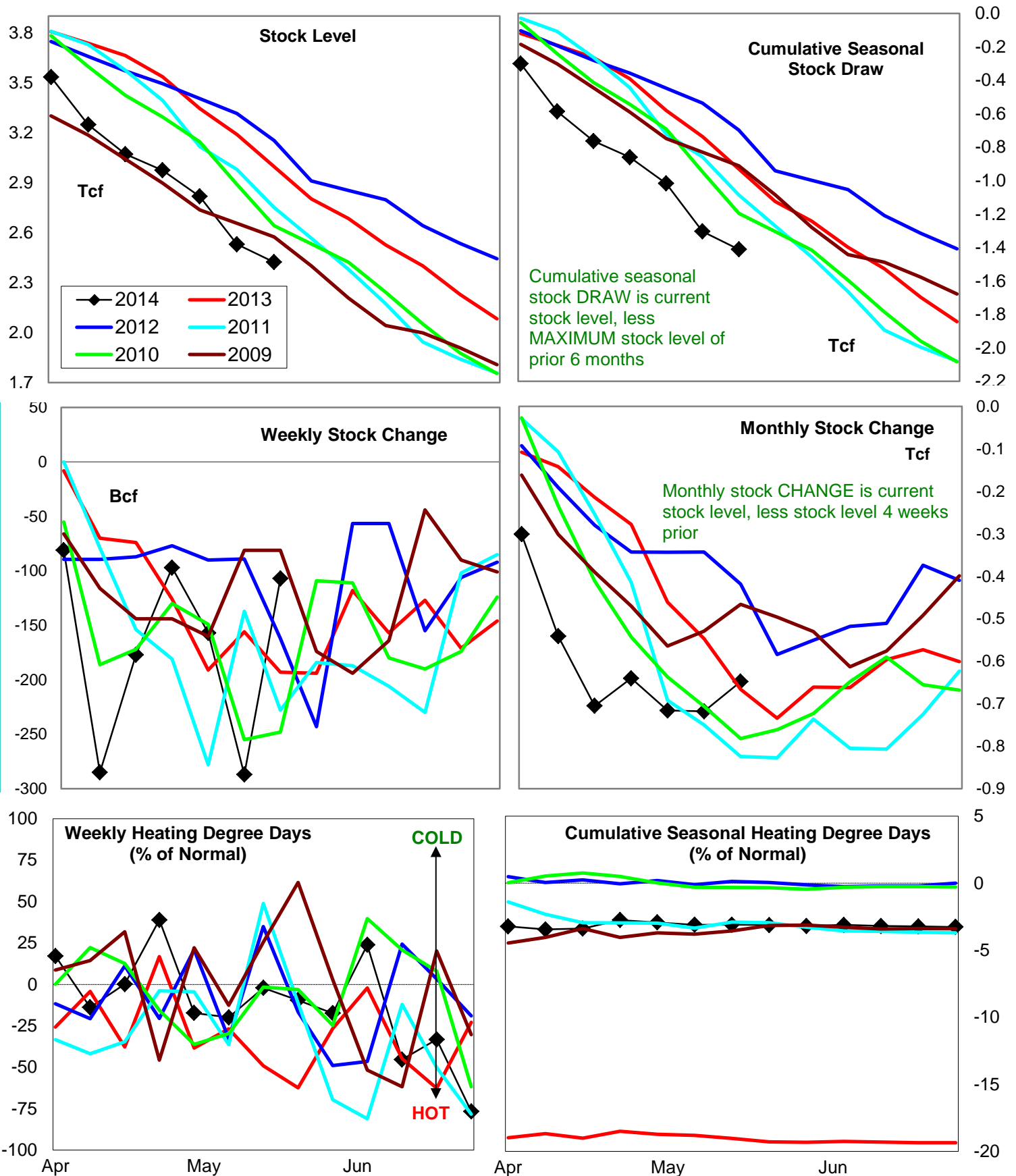
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,411</b>	<b>-481</b>	<b>34.1</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-797</b>	<b>-222</b>	<b>27.9</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>-206</b>	<b>-71</b>	<b>34.5</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>-410</b>	<b>-183</b>	<b>44.6</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:	24-Jan-14	Change vs prior week, month, year		
		20-Jan-14	30-Dec-13	4-Feb-13
<b>1st month Futures</b>	<b>5.08</b>	<b>0.65</b>	<b>0.85</b>	<b>1.80</b>
<b>% change</b>	<b>xxxxx</b>	<b>14.7</b>	<b>20.2</b>	<b>54.7</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

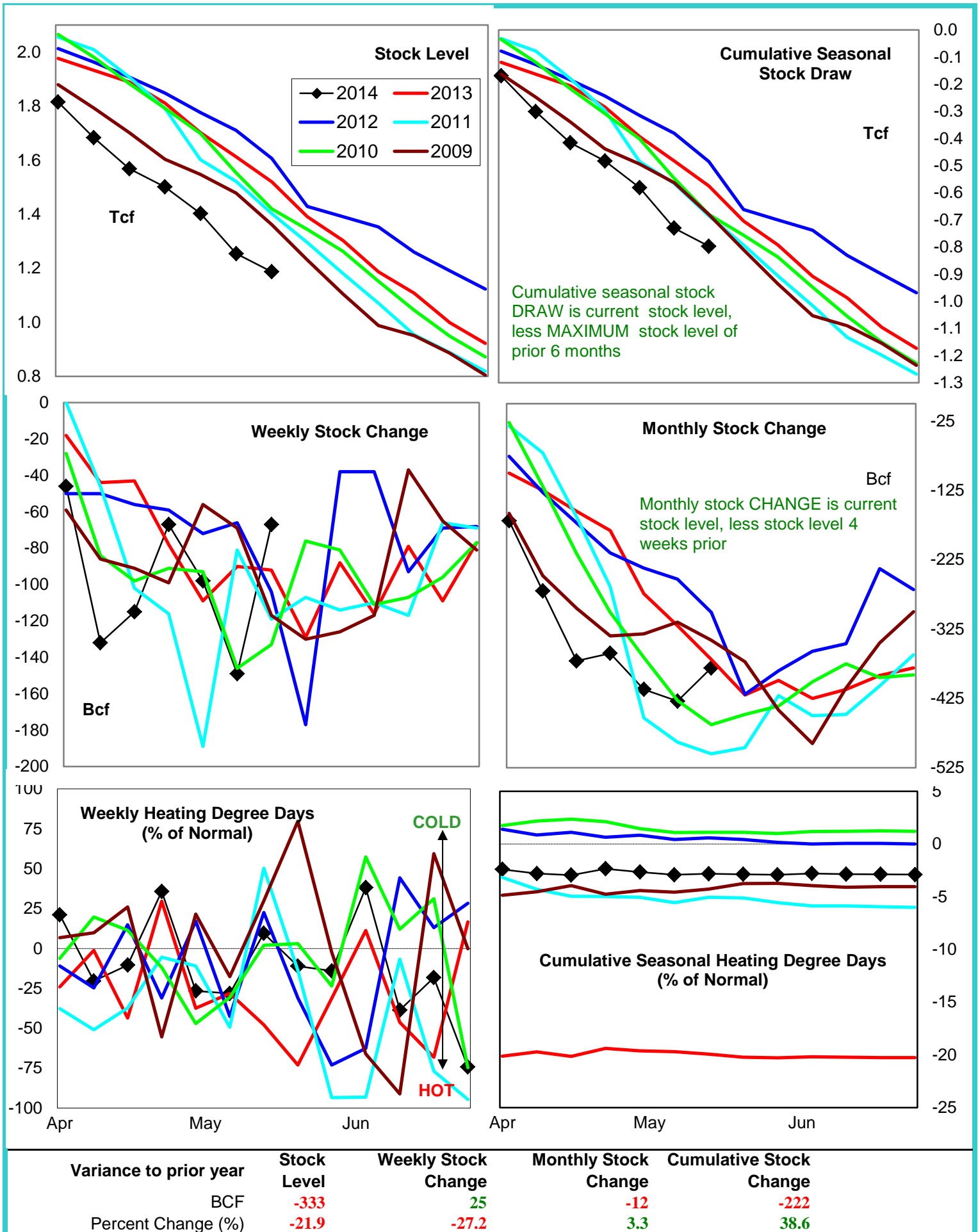
Weekly Stock Change

Monthly Stock Change

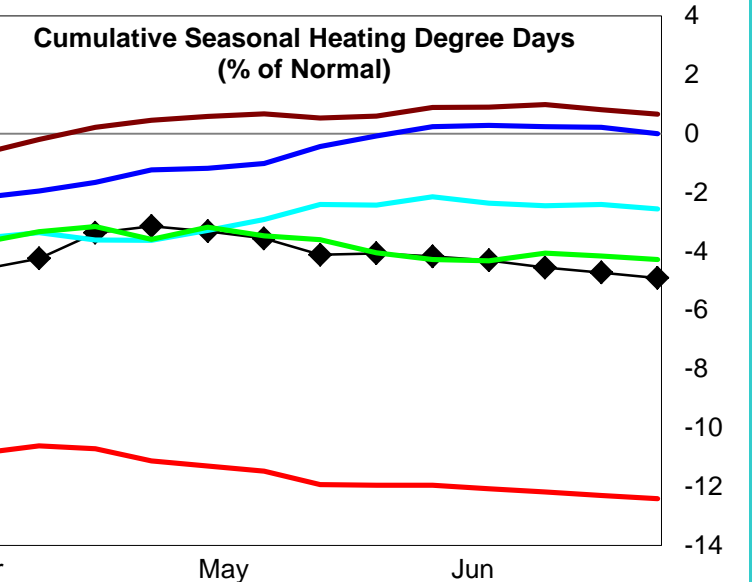
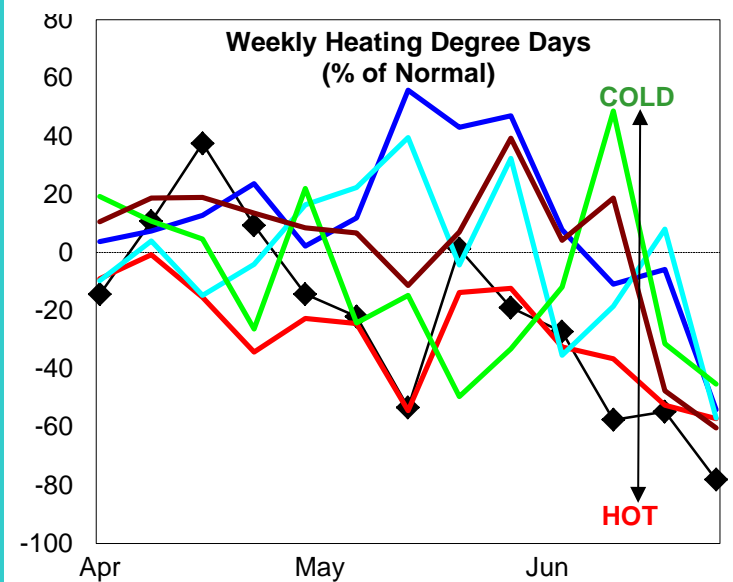
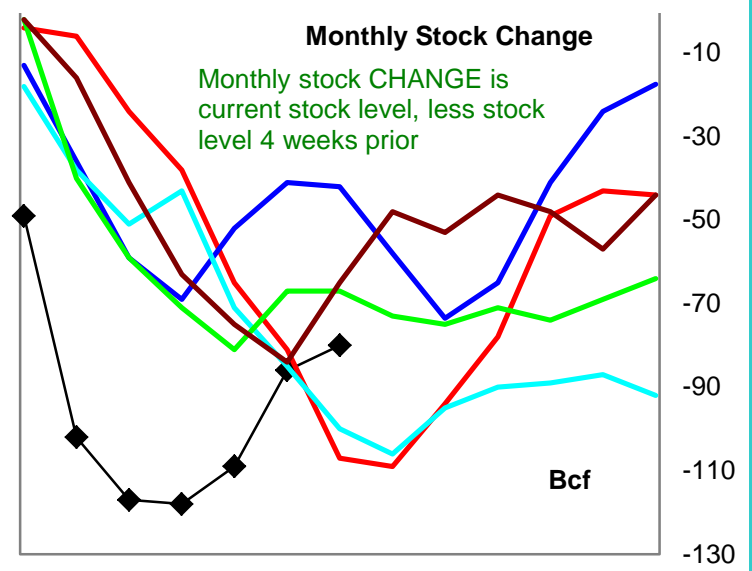
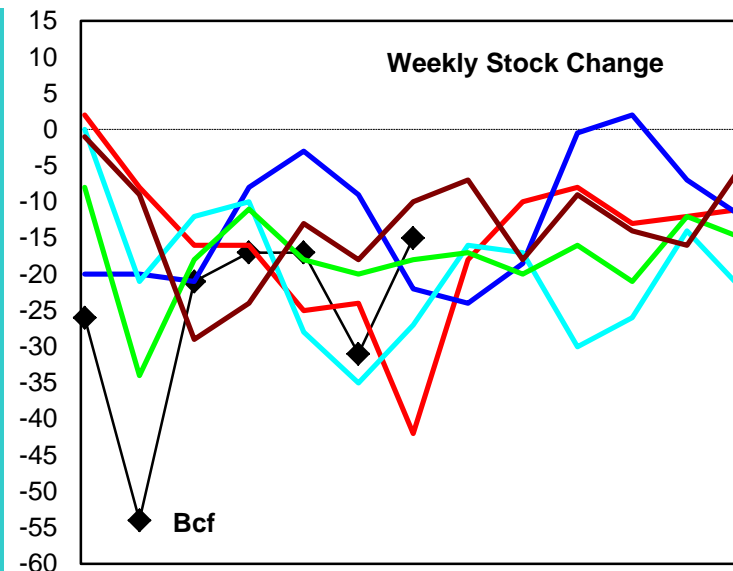
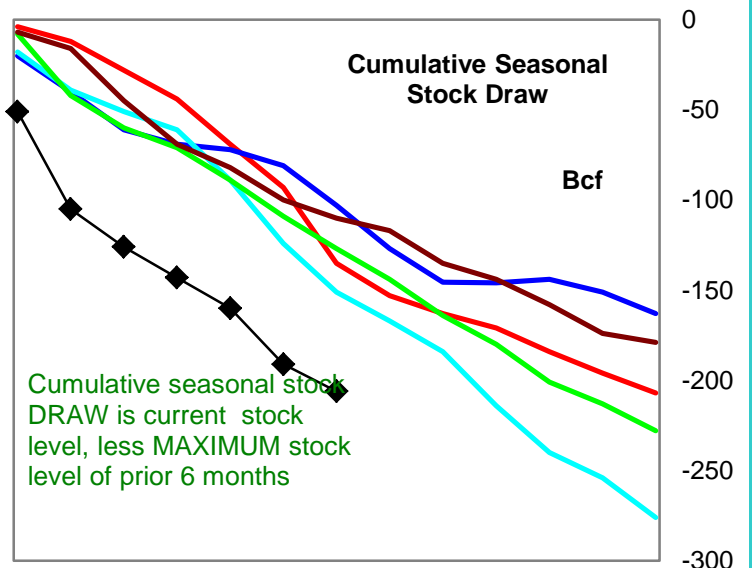
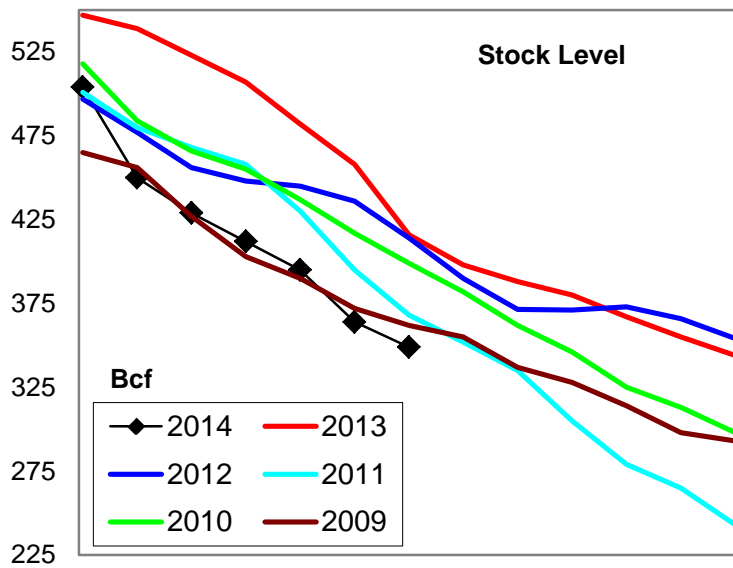
Cumulative Stock Change

BCF  
Percent Change (%)-573  
-19.186  
-44.618  
-2.7-481  
51.7

# 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

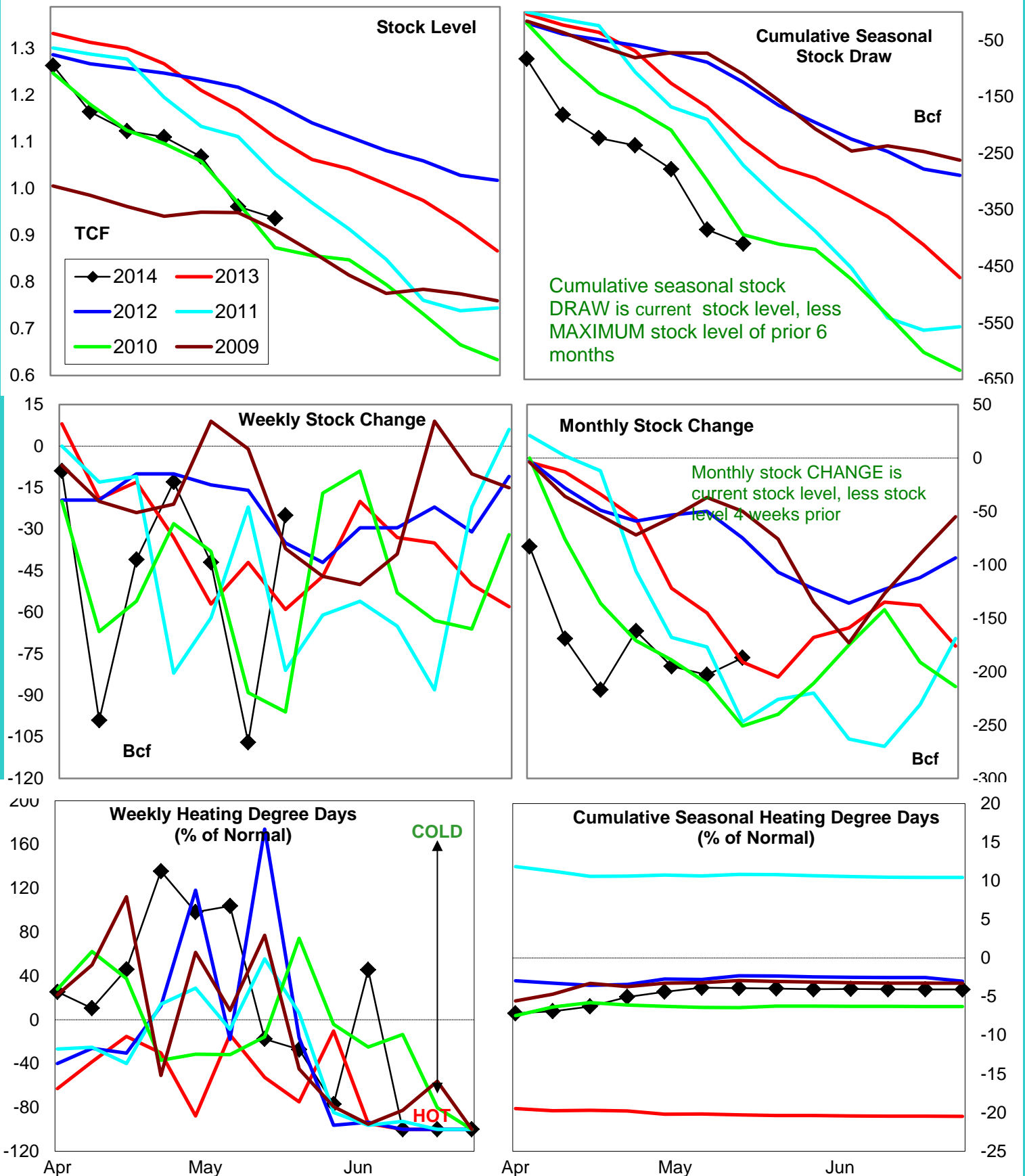
Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)-67  
-16.127  
-64.327  
-25.2-71  
52.6



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

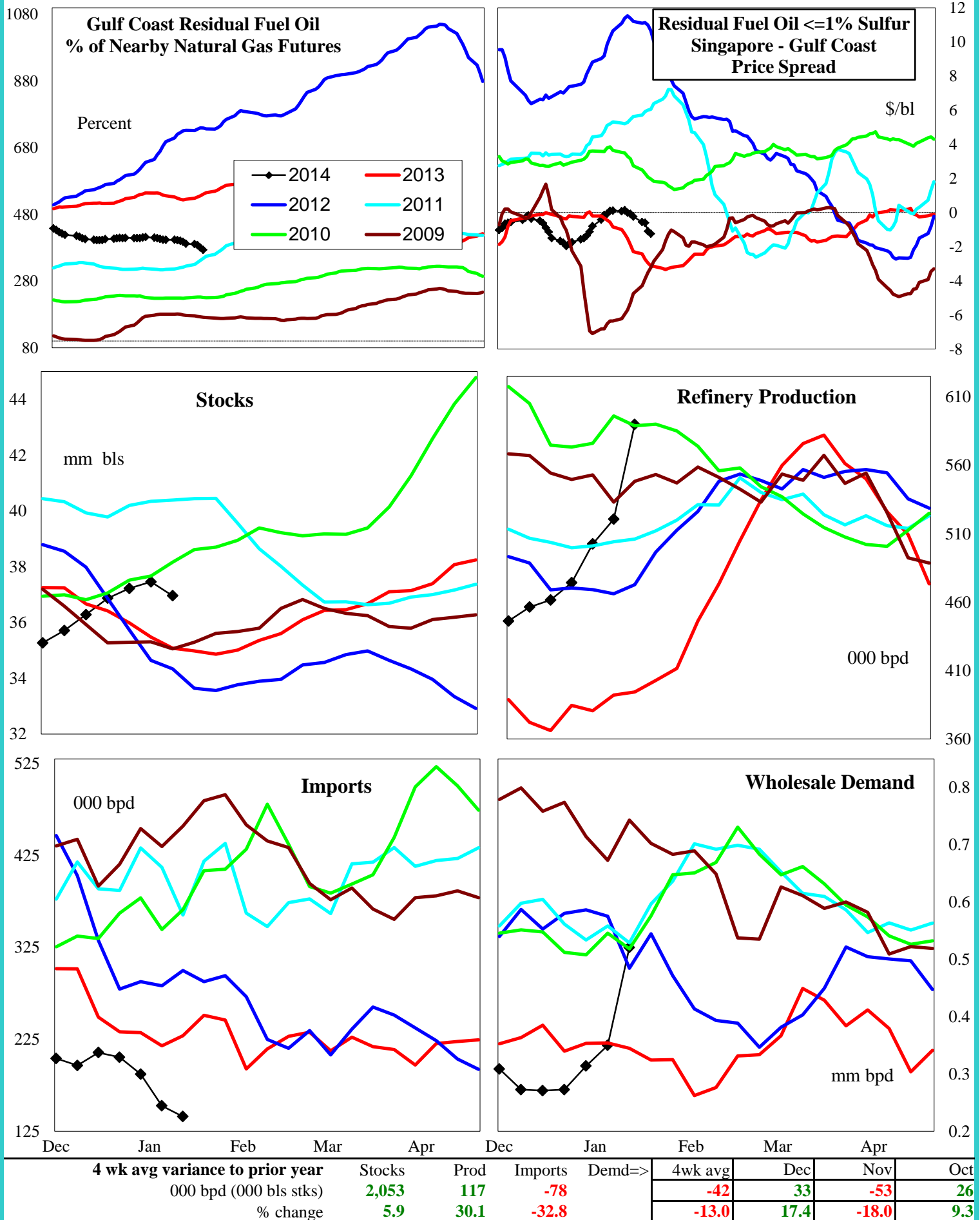
Weekly Stock Change

Monthly Stock Change

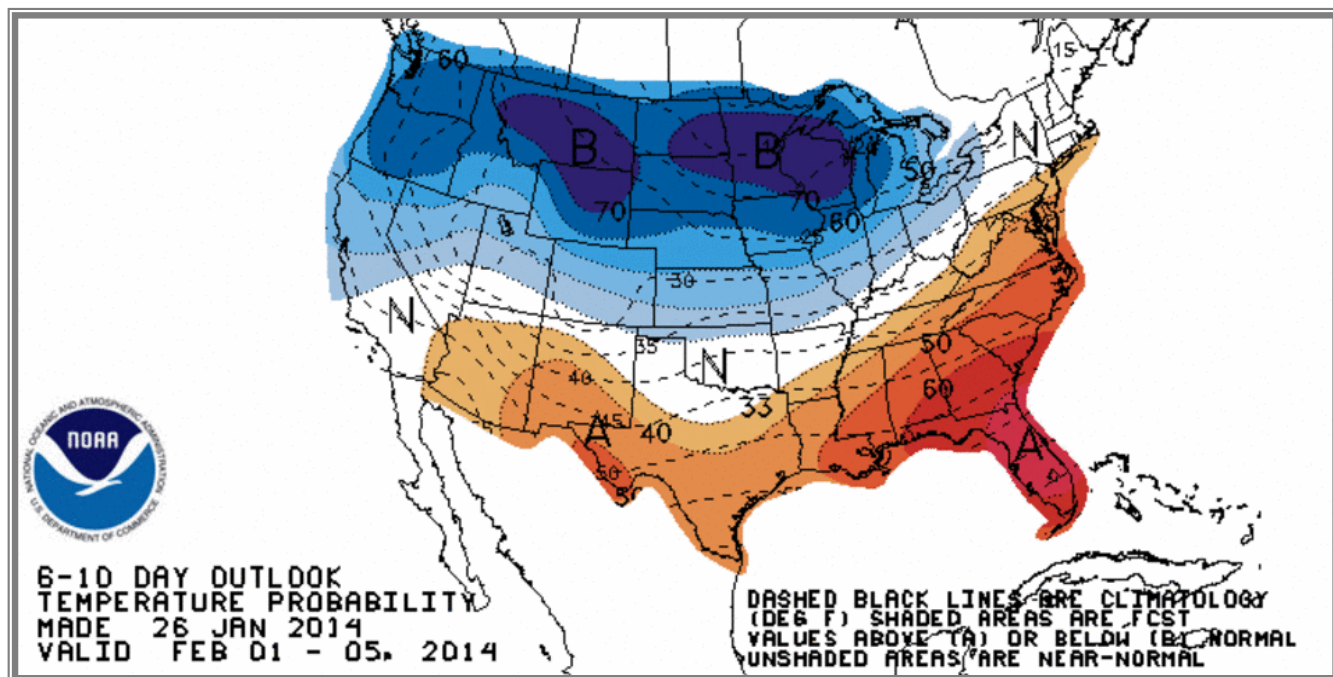
Cumulative Stock Change

BCF  
Percent Change (%)-173  
-16.334  
-57.64  
-2.1-183  
80.6

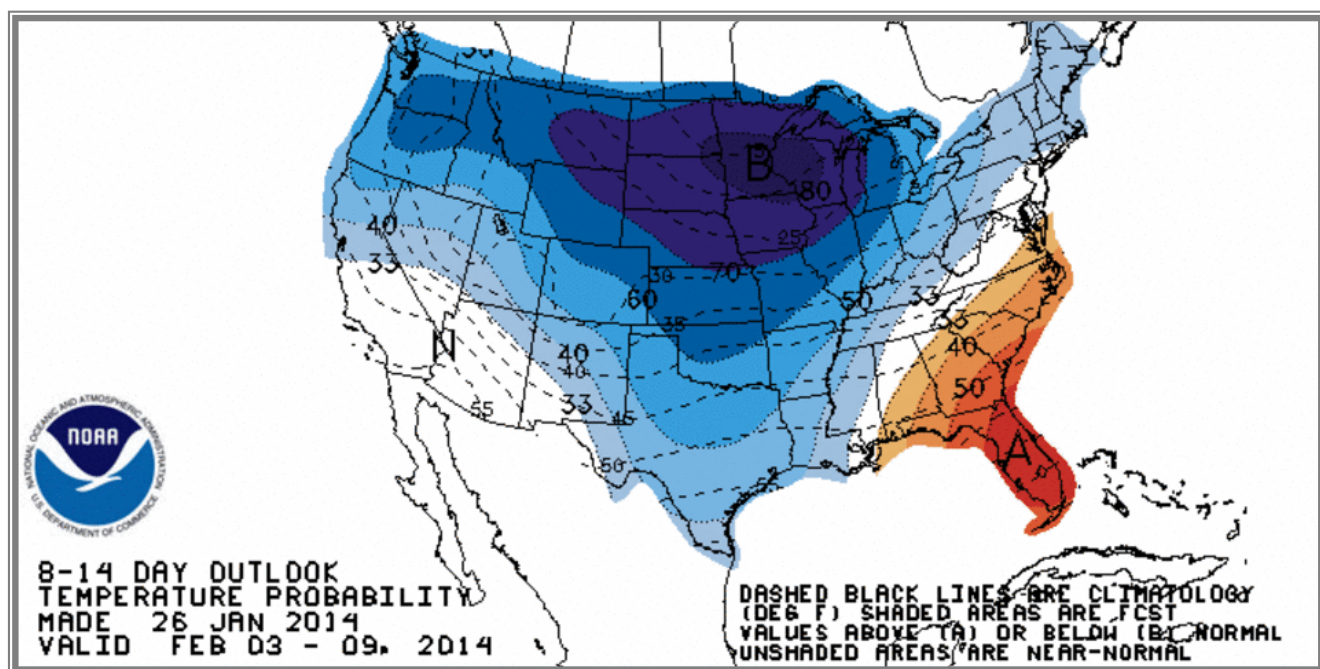
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

