

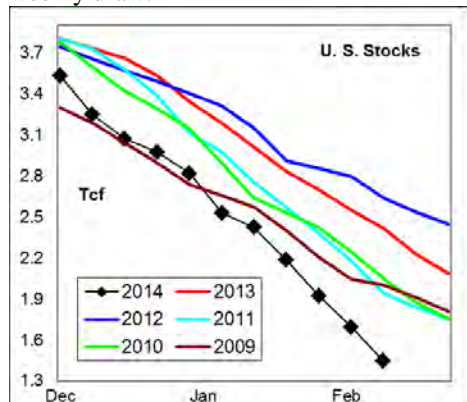
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

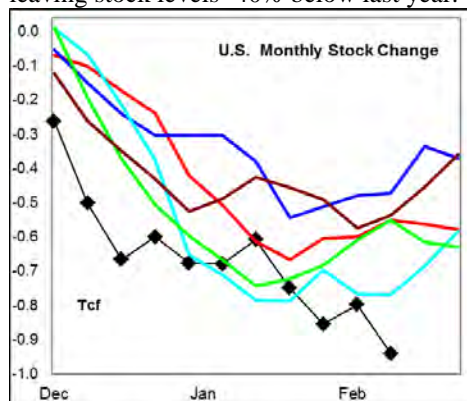
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, February 21, 2014



**Summary** <sup>1</sup> The stock draw of -250 Bcf for the week was the 4<sup>th</sup> consecutive record weekly draw.



The latest 4-wk stock change was a draw of -980 Bcf, a record draw for the period; leaving stock levels -40% below last year.



In the East Region stocks decreased -129 Bcf for the week, a record draw for the week. Stocks decreased -30 Bcf in the West Region, a record draw for the week. Stocks decreased -91 Bcf on the week in the Producing region, the 4<sup>th</sup> consecutive record weekly draw.

**Heating degree days** were above normal in regions East of the Rockies for the week ending 21Feb14, which should lead to a lower stock draw.

The 6-10 day NWS forecast for the week ending 02Mar14 is for very high heating degree days in the Eastern 2/3rds of the country and below normal in the west.

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

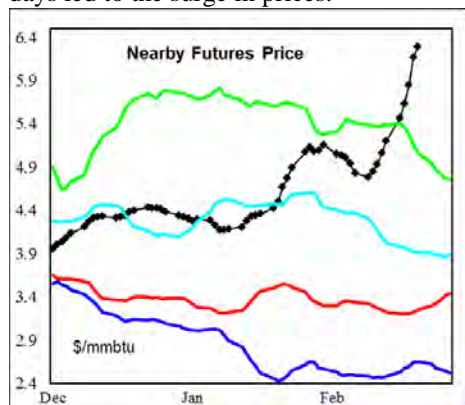
[Data Source is EIA Weekly Statistics](#)

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

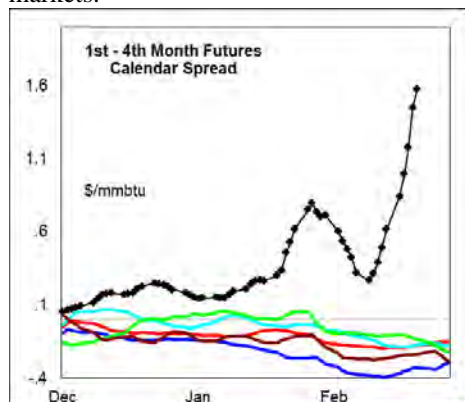
[National Weather Service 10-14 Day](#)

The 8-14 day NWS forecast for the week ending 06Mar14 is for above normal heating degree days across the eastern 1/2 of the country and below normal in the West.

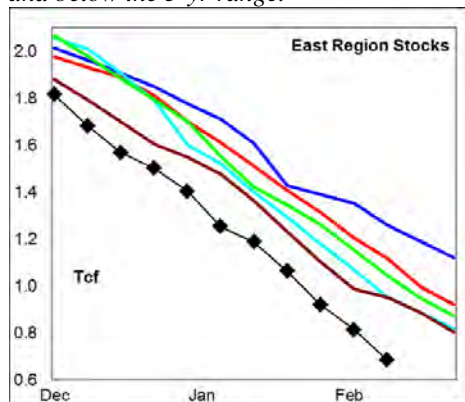
**Prices:** Nearby gas futures surged +\$1.08/mmbtu for the week ending 21Feb14. A forecast of much colder than temperatures in the East for the next 10-days led to the surge in prices.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve spiked last to new record highs on very low stocks and supply squeeze in regional markets.

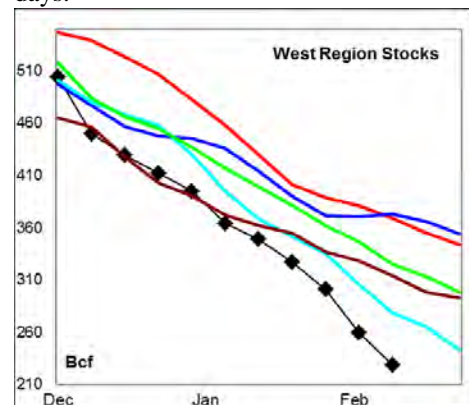


**East Region** stocks decreased -129 Bcf for the week, a record draw for the week. The current stock level is -39% below last year, and below the 5-yr range.



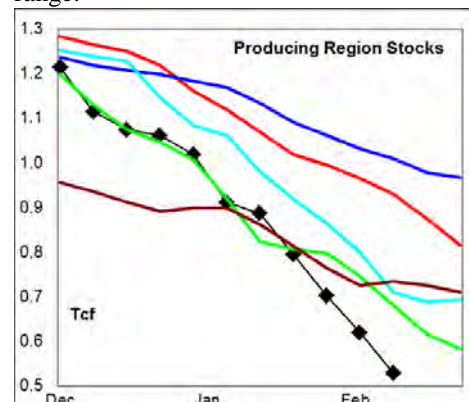
Heating degree days were at very high levels last week, dipping to near normal in

the current week, but forecast to return to extremely high levels over the next 10-days.



**West Region** stocks decreased -30 Bcf last week, a record draw for the period. Stock levels ended the week -38% below last year, and below the 5-yr range. Heating degree days are forecast to be below normal for the next 10-days. Stocks have dropped to very low levels in this region, even with well below average heating degree days during the winter quarter.

**Producing Region** stocks declined -91 Bcf for the week, the 4<sup>th</sup> consecutive record weekly draw. Stock levels ended the week -43% below last year, and below the 5-yr range.



Extremely high 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:** Temperatures are forecast to be sharply below normal in the eastern 1/2 of the country for the next 10-days. Combined with extremely low stock levels, there is risk of a further price spike.

## NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: February 21, 2014

For the week ending: 9-Jan-14

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

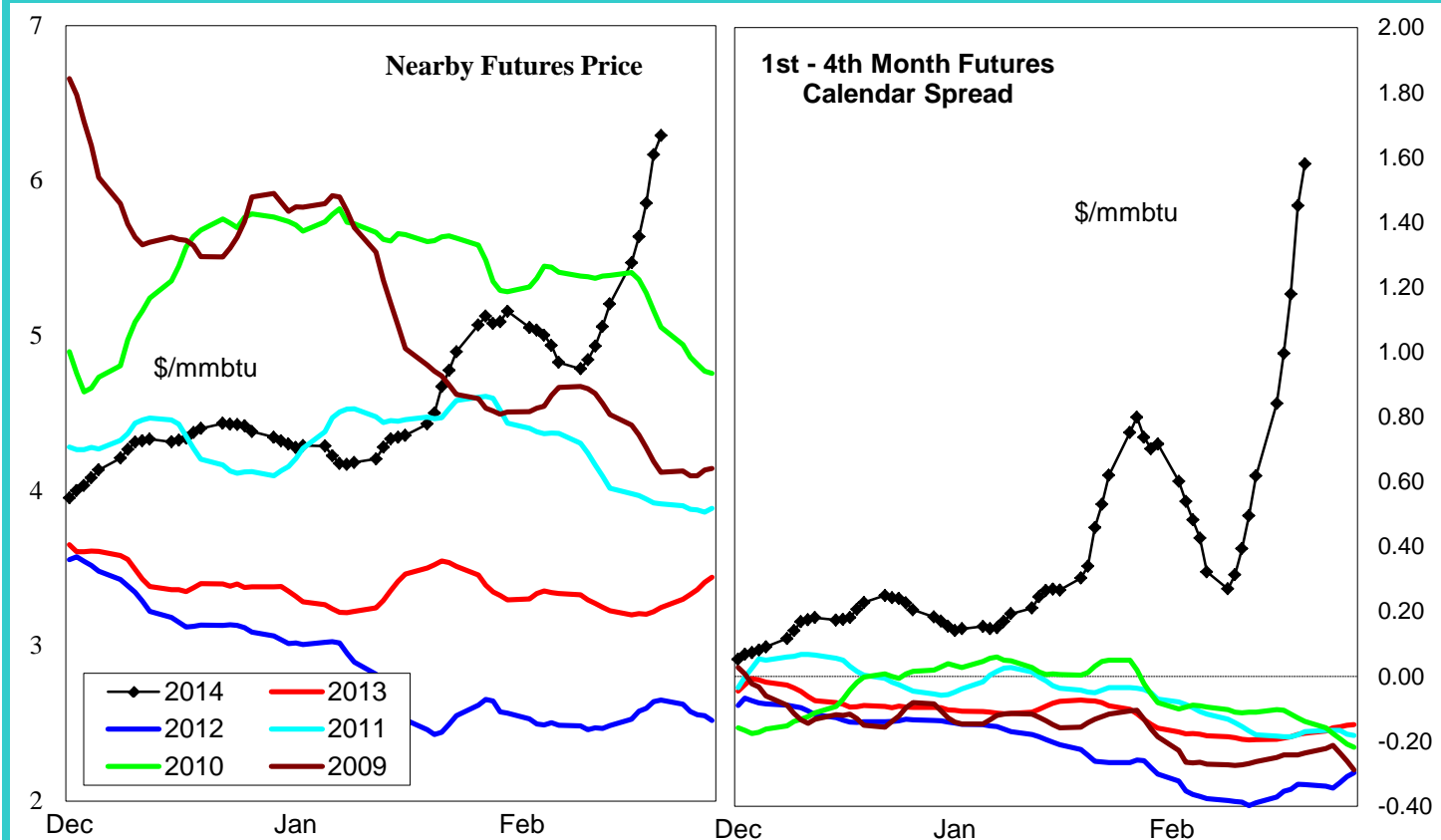
Week ending:	9-Jan-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	1,443	-250	-40.3	-14	-45%	-2	-33%	-3	-77%
East	685	-129	-38.8	-17	-39%	-2	-18%	-4	-74%
West	229	-30	-37.9	-12	-58%	-2	-55%	-5	-78%
Producing	529	-91	-43.1	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

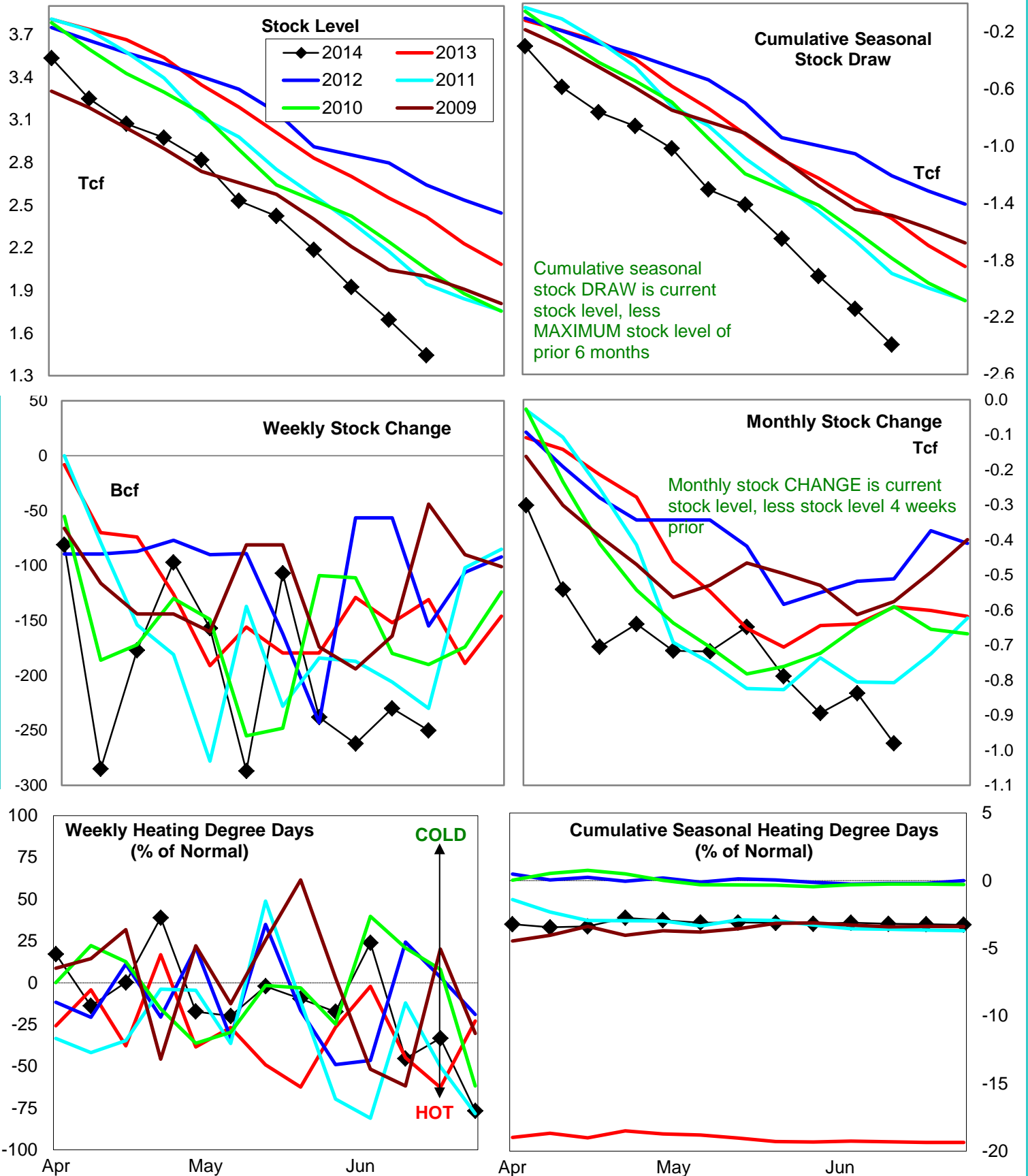
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-2,391</b>	<b>-883</b>	<b>36.9</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-1,299</b>	<b>-323</b>	<b>24.9</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>-326</b>	<b>-144</b>	<b>44.2</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>-768</b>	<b>-411</b>	<b>53.5</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:	17-Feb-14	Change vs prior week, month, year		
		11-Feb-14	21-Jan-14	26-Feb-13
<b>1st month Futures</b>	<b>6.29</b>	<b>1.08</b>	<b>1.44</b>	<b>2.82</b>
<b>% change</b>	<b>xxxxx</b>	<b>20.6</b>	<b>29.8</b>	<b>81.3</b>



## United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

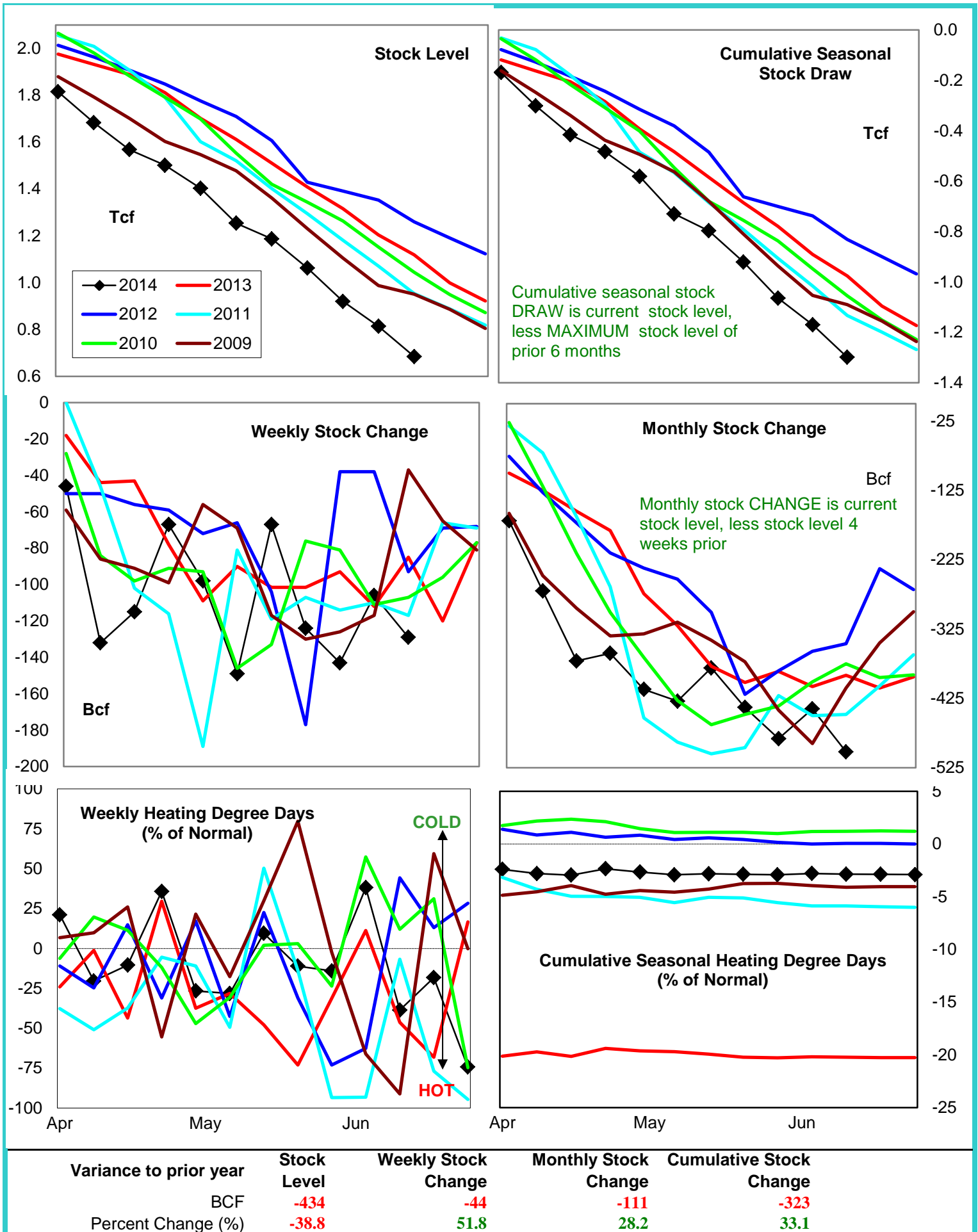
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

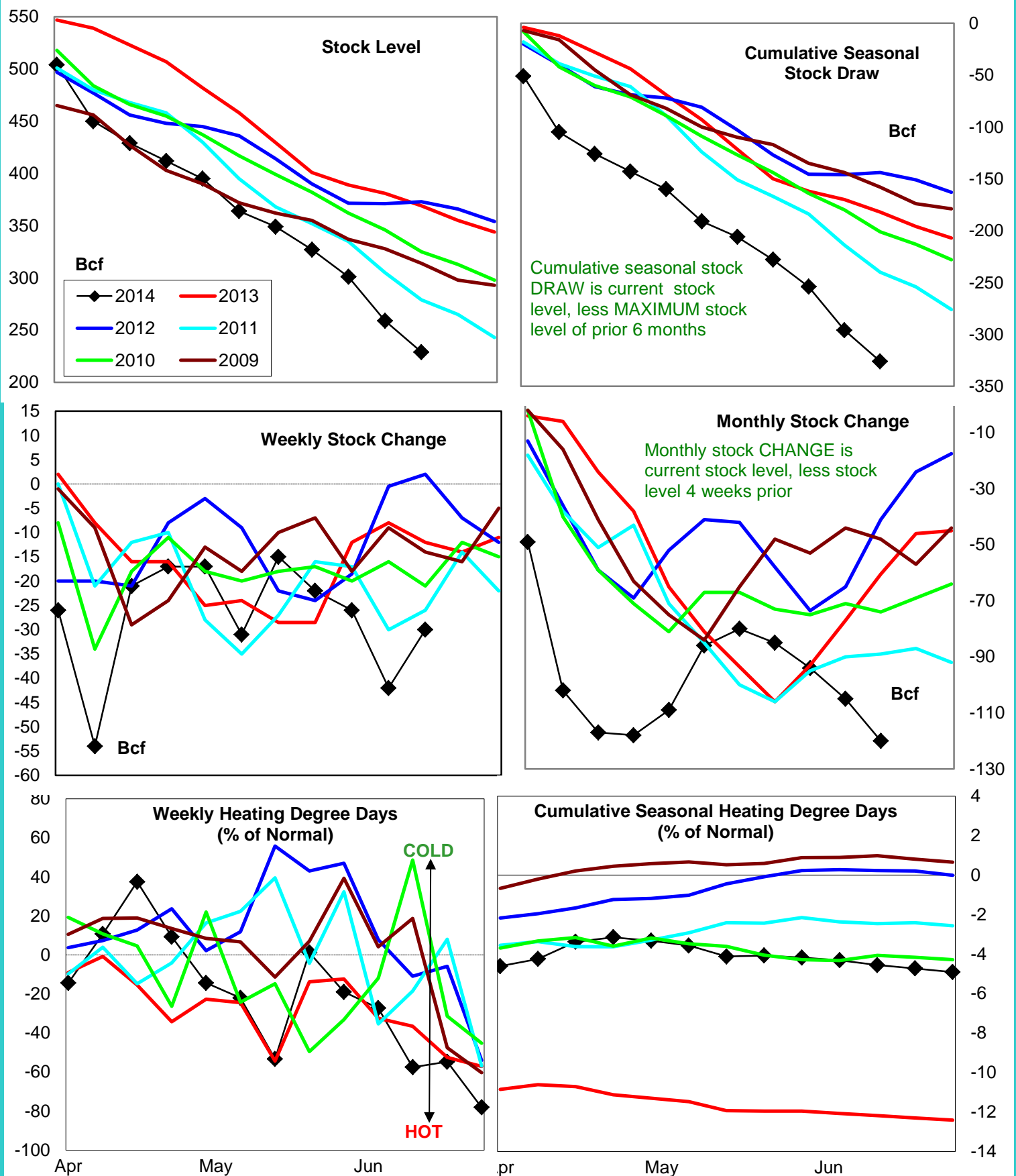
BCF  
Percent Change (%)-975  
-40.3-119  
90.8-389  
65.7-883  
58.6

# Natural Gas East Region Stock and Weather Trends





## Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

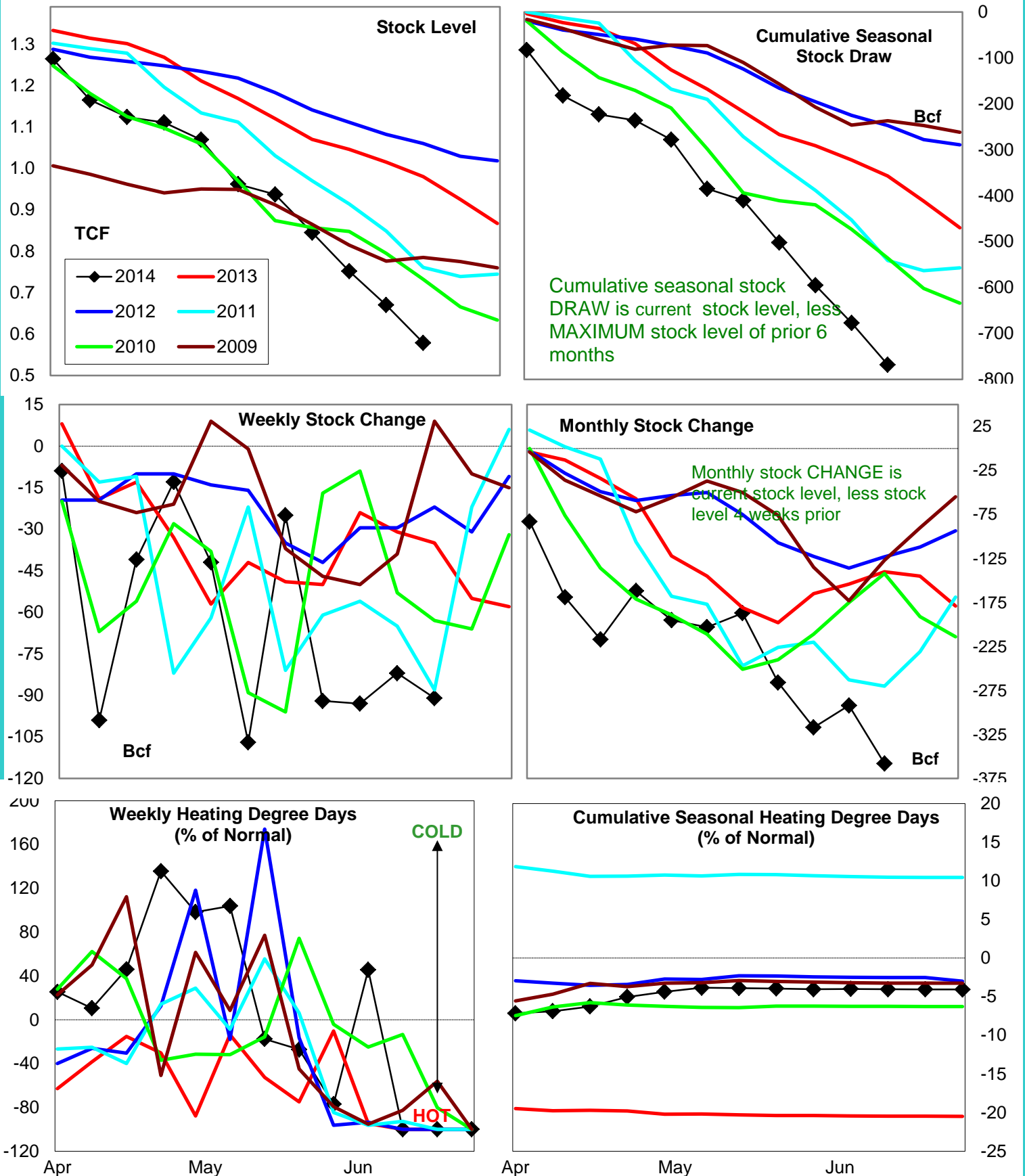
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)-140  
-37.9-18  
150.0-60  
98.3-144  
79.1

# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

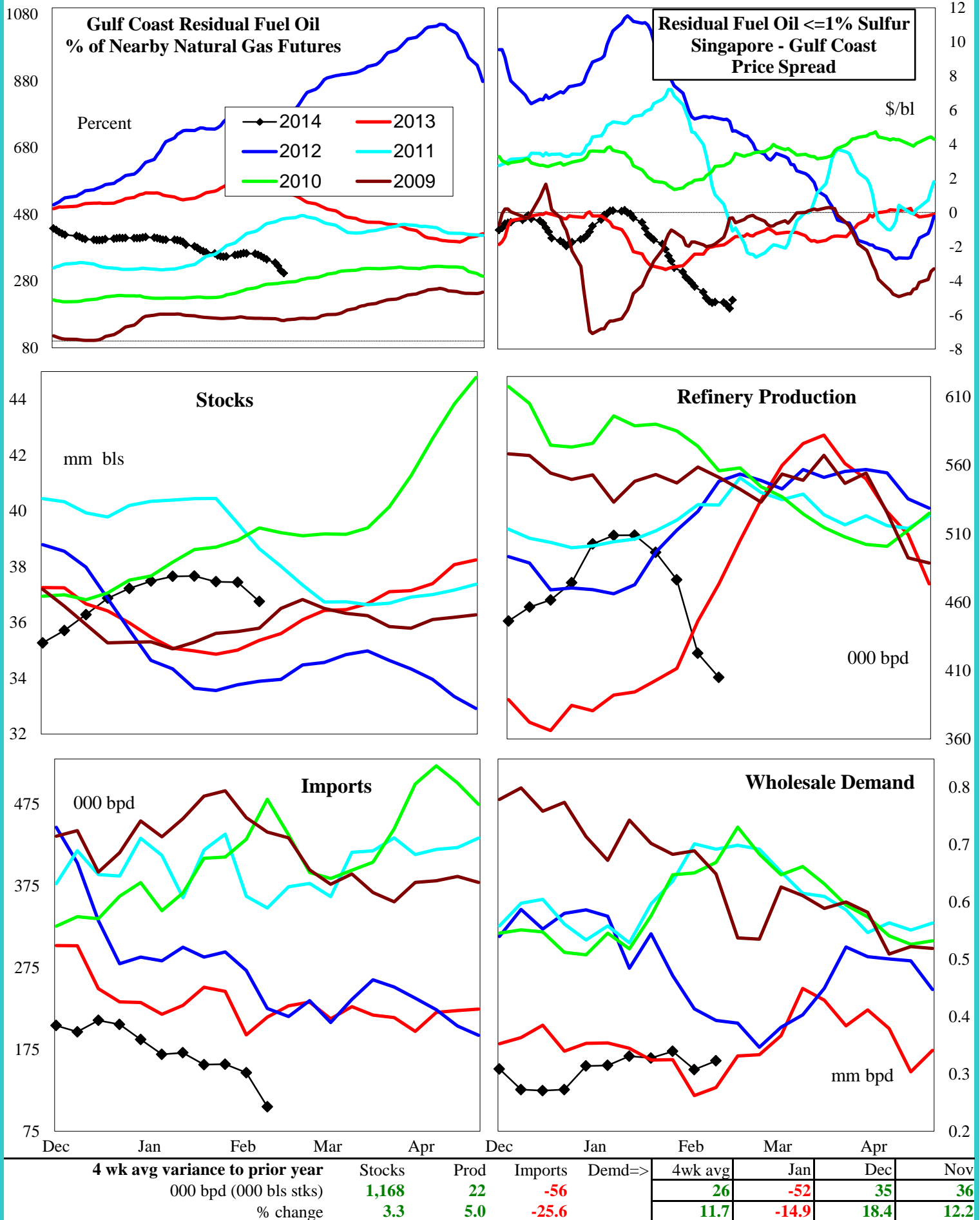
Weekly Stock Change

Monthly Stock Change

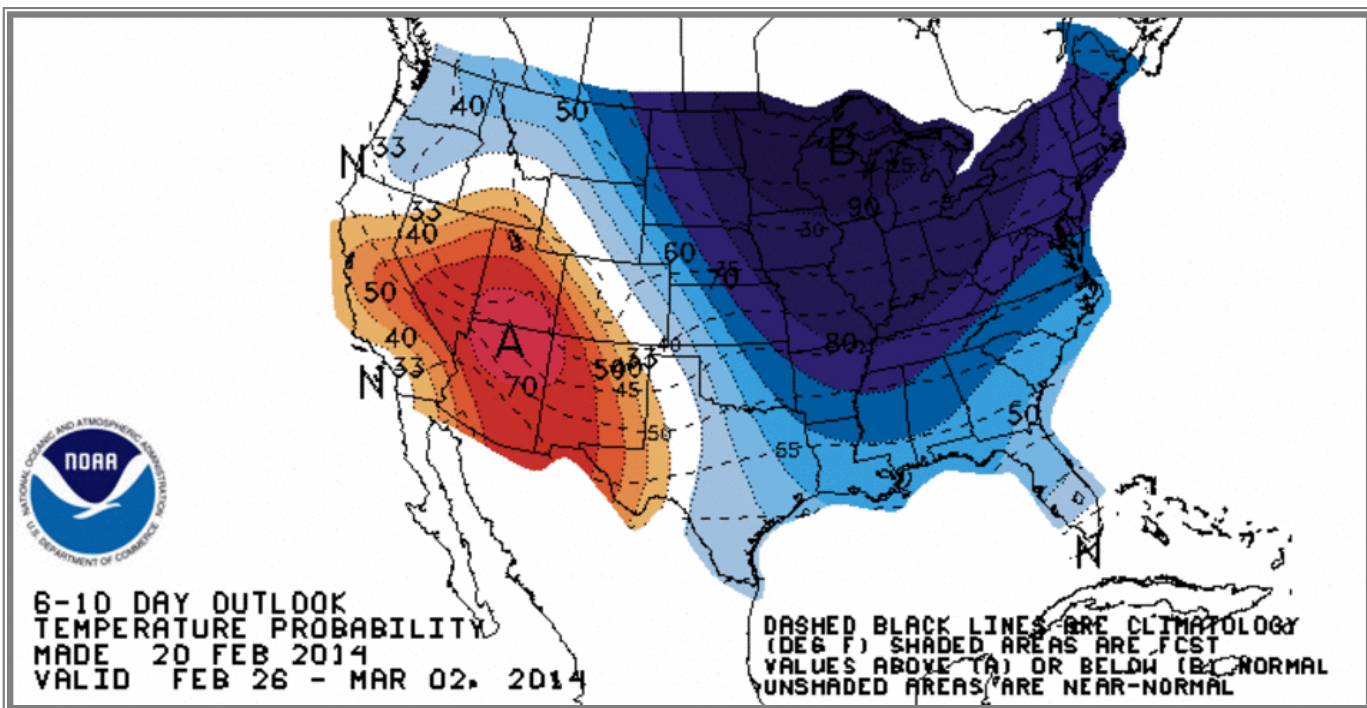
Cumulative Stock Change

BCF  
Percent Change (%)-401  
-43.1-56  
160.0-218  
155.7-411  
115.1

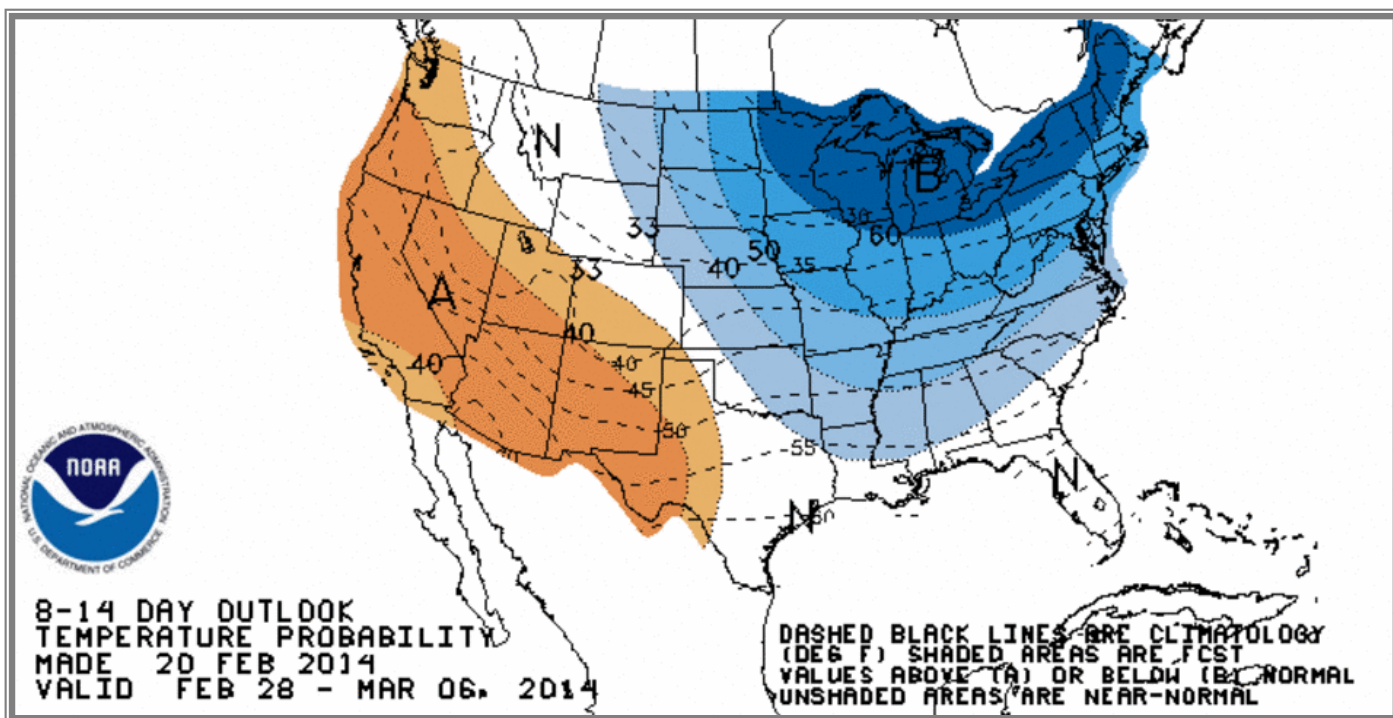
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

