



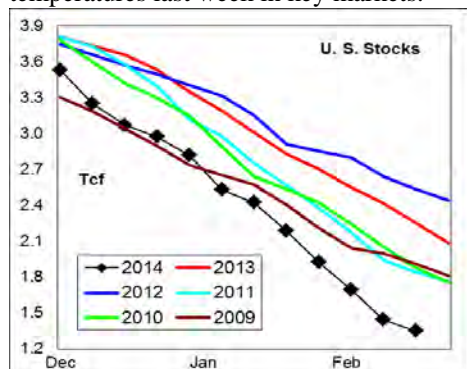
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

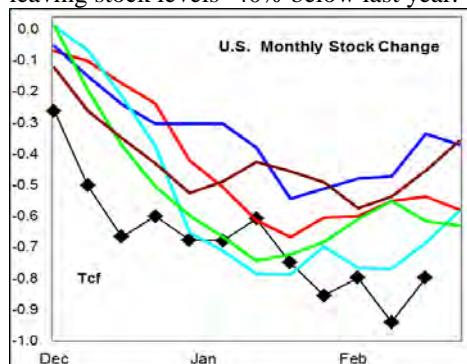
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, February 28, 2014



**Summary**<sup>1</sup> The stock draw of -95 Bcf for the week matched the previous 5-yr lowest draw for the period on warmer temperatures last week in key markets.



The latest 4-wk stock change was a draw of -837 Bcf, a record draw for the period; leaving stock levels -40% below last year.



In the East Region stocks decreased -78 Bcf for the week, a draw slightly greater than the 3-yr mid range. Stocks decreased -12 Bcf in the West Region, a draw that matched the 3-yr mid range. Stocks decreased -5 Bcf on the week in the Producing region, a record low draw for the period (down from -91 Bcf the prior week).

**Heating degree days** returned to above normal for the week ending 28Feb14 in, which should lead to a larger than average draw.

The 6-10 day NWS forecast for the week ending 09Mar14 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:

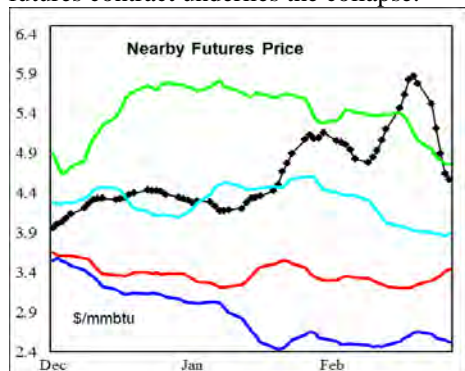
[Data Source is EIA Weekly Statistics](#)

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

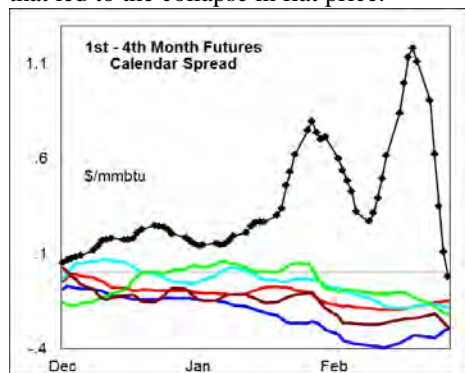
[National Weather Service 10-14 Day](#)

The 8-14 day NWS forecast for the week ending 13Mar14 is for above normal heating degree days across the eastern 1/2 of the country and below normal in the West.

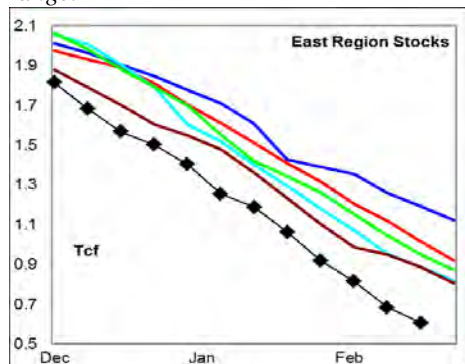
**Prices:** Nearby gas futures collapsed - \$1.57/mmbtu for the week ending 28Feb14. An extremely low stock draw in the Producing Region, renewed restrictions on utility use in the Northeast for the upcoming storm, and the roll to April futures contract underlies the collapse.



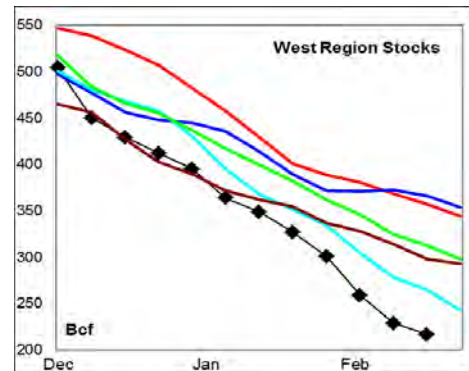
The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve collapsed last week on the same factors that led to the collapse in flat price.



**East Region** stocks decreased -78 Bcf for the week, a draw slightly greater than the 3-yr mid range. *The current stock level is -40% below last year, and below the 5-yr range.*

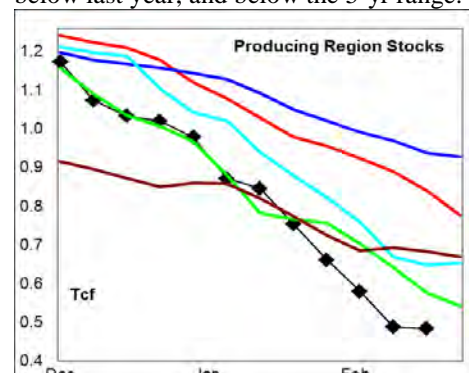


Heating degree days were near normal last week, above normal in the current week and forecast to return to very high levels over the next 10-days.



**West Region** stocks decreased -12 Bcf last week, a draw that matched the 3-yr mid range. Stock levels ended the week -39% 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 -5 Bcf for the week, a very low draw for this time of year. Stock levels ended the week -41% below last year, and below the 5-yr range.



Above 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:** *Temperatures were below normal last week and forecast to remain below normal in the eastern 1/2 of the country for the next 10-days. However mandated utility fuel switching to distillates for peaking use and end of March delivery for the current month futures should limit futures price increases. Prompt cash prices remain extremely volatile on delivery constraints.*

## NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: February 28, 2014

For the week ending: 21-Feb-14

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

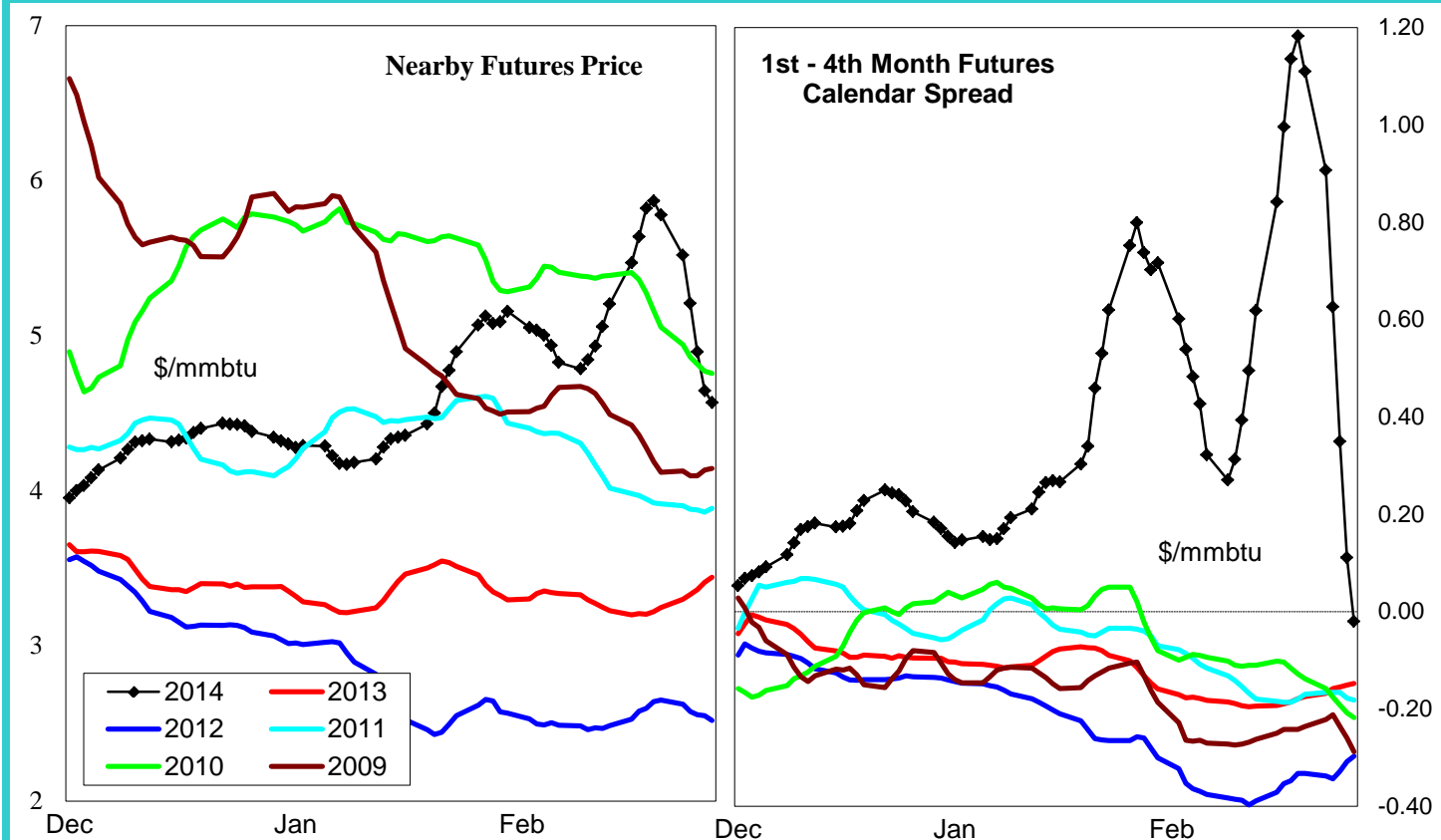
Week ending:	21-Feb-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	1,348	-95	-40.2	-14	-45%	-2	-33%	-3	-77%
East	607	-78	-40.2	-17	-39%	-2	-18%	-4	-74%
West	217	-12	-39.2	-12	-58%	-2	-55%	-5	-78%
Producing	524	-5	-40.6	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

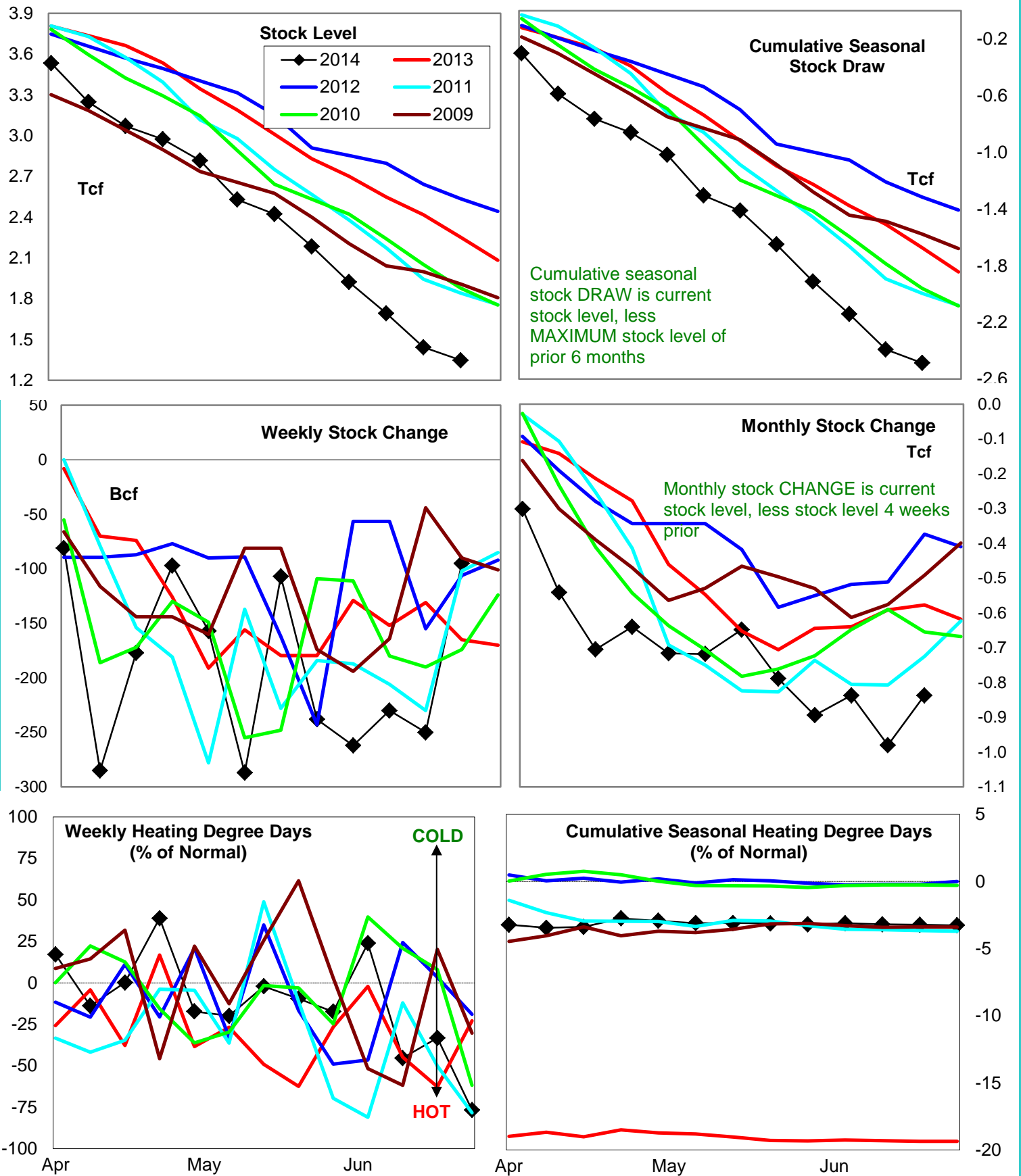
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-2,486</b>	<b>-813</b>	<b>32.7</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-1,377</b>	<b>-297</b>	<b>21.6</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>-338</b>	<b>-144</b>	<b>42.6</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>-773</b>	<b>-368</b>	<b>47.6</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:	28-Feb-14	Change vs prior week, month, year		
		24-Feb-14	3-Feb-14	11-Mar-13
<b>1st month Futures</b>	<b>4.57</b>	<b>-0.88</b>	<b>-0.34</b>	<b>0.89</b>
<b>% change</b>	<b>xxxxx</b>	<b>-16.1</b>	<b>-6.8</b>	<b>24.2</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

-905

70

-260

-813

Percent Change (%)

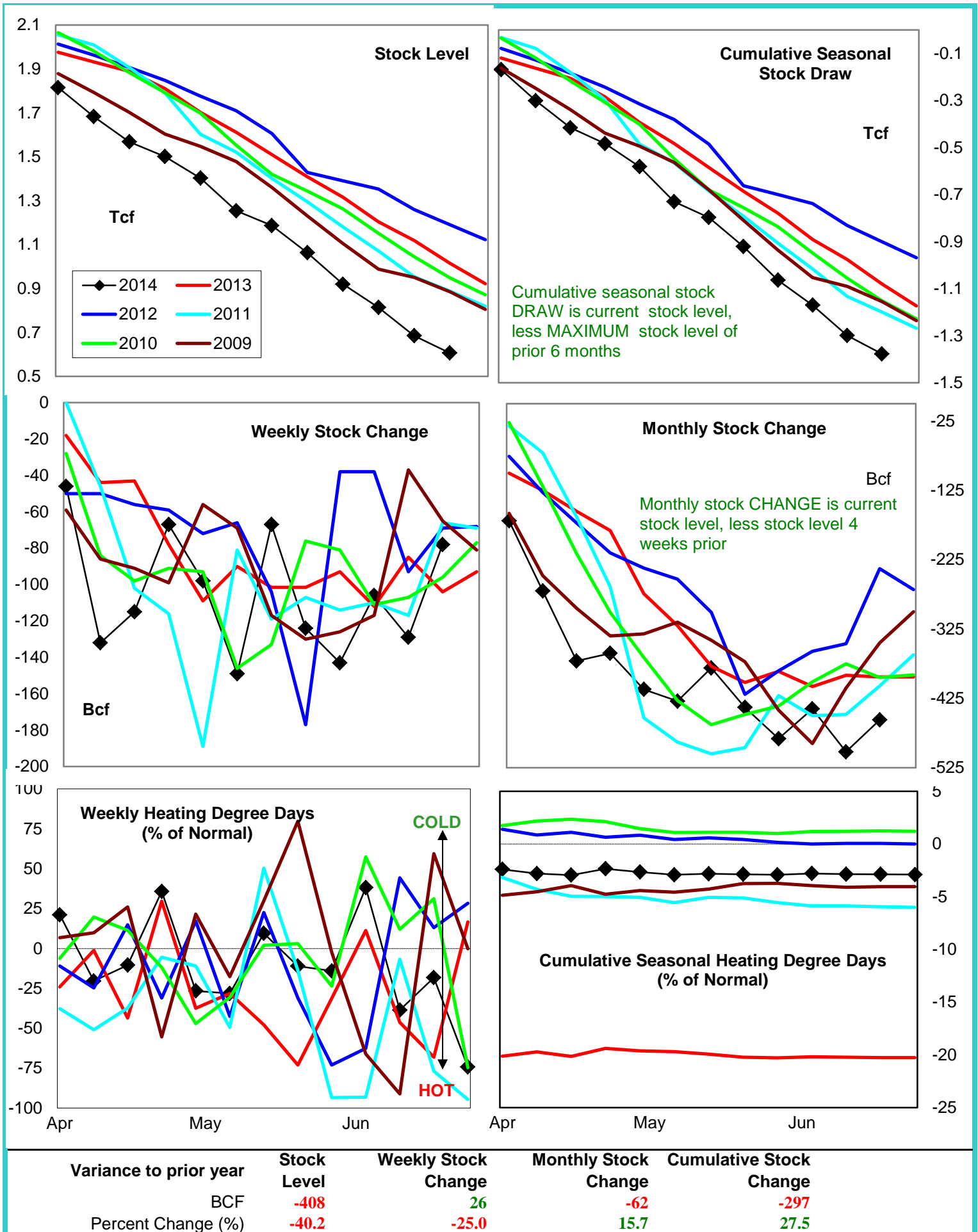
-40.2

-42.4

45.1

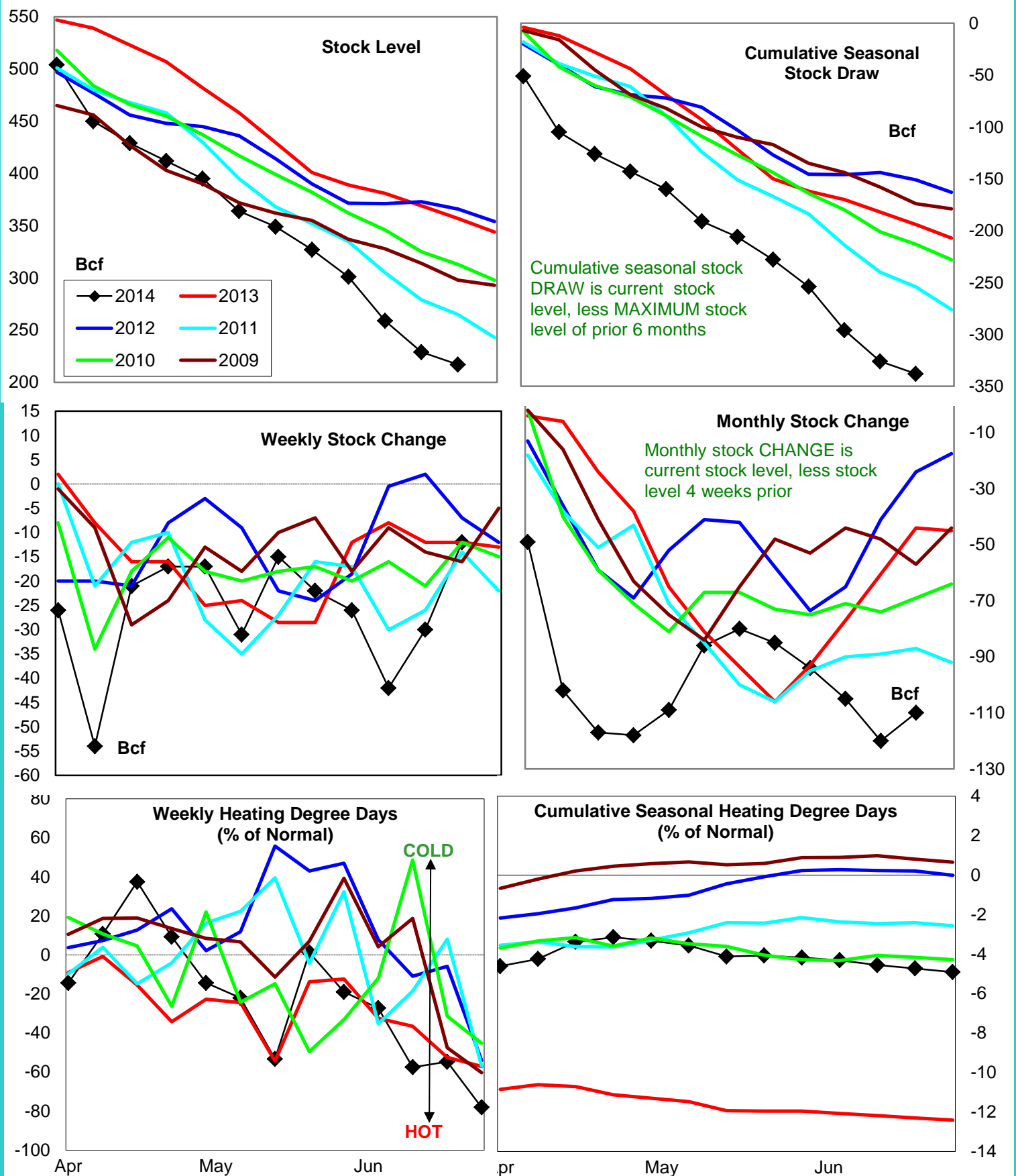
48.6

# Natural Gas East Region Stock and Weather Trends





# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
Change

BCF

-140

0

-66

-144

Percent Change (%)

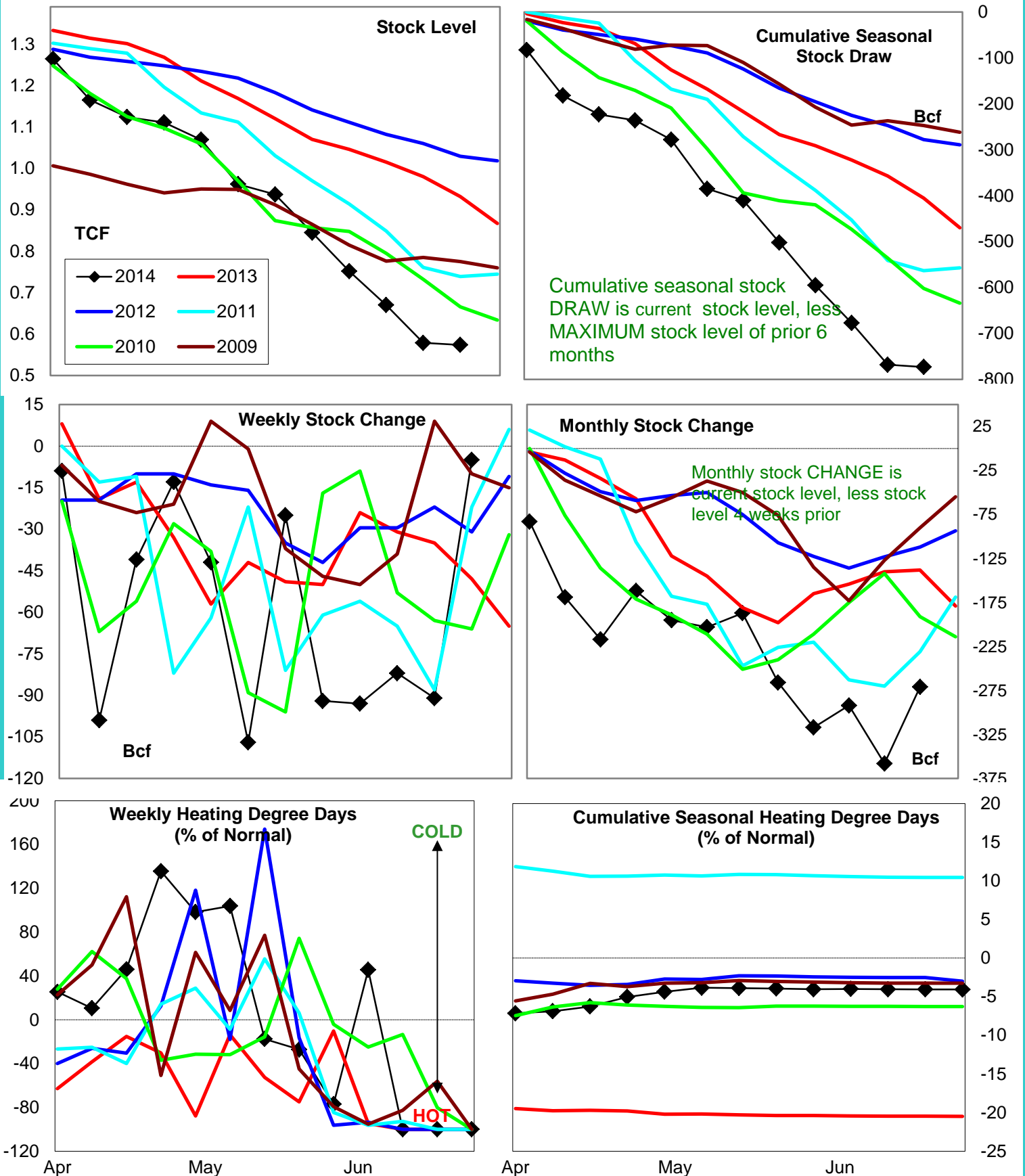
-39.2

0.0

150.0

74.2

# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-358

43

-133

-368

Percent Change (%)

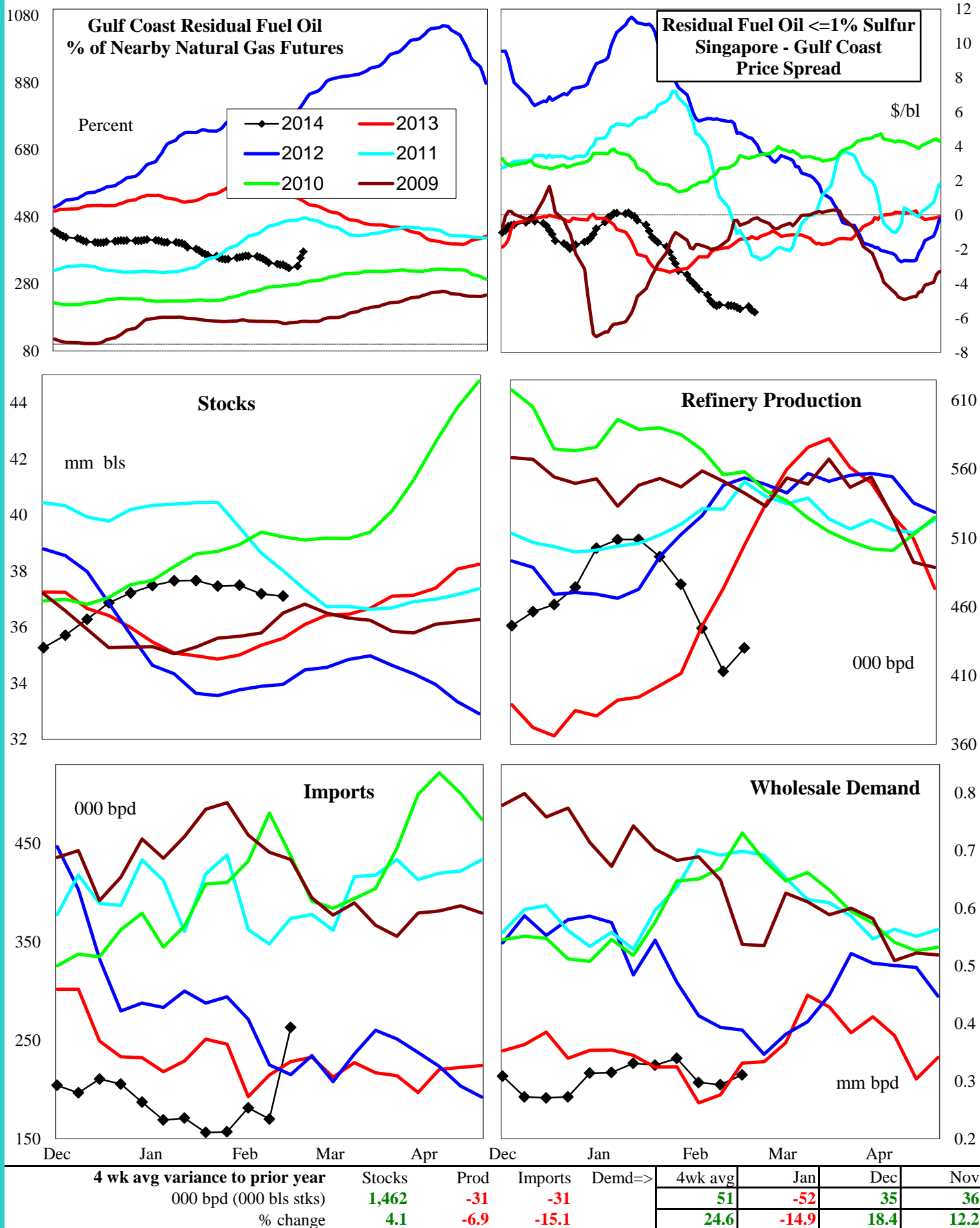
-40.6

-89.6

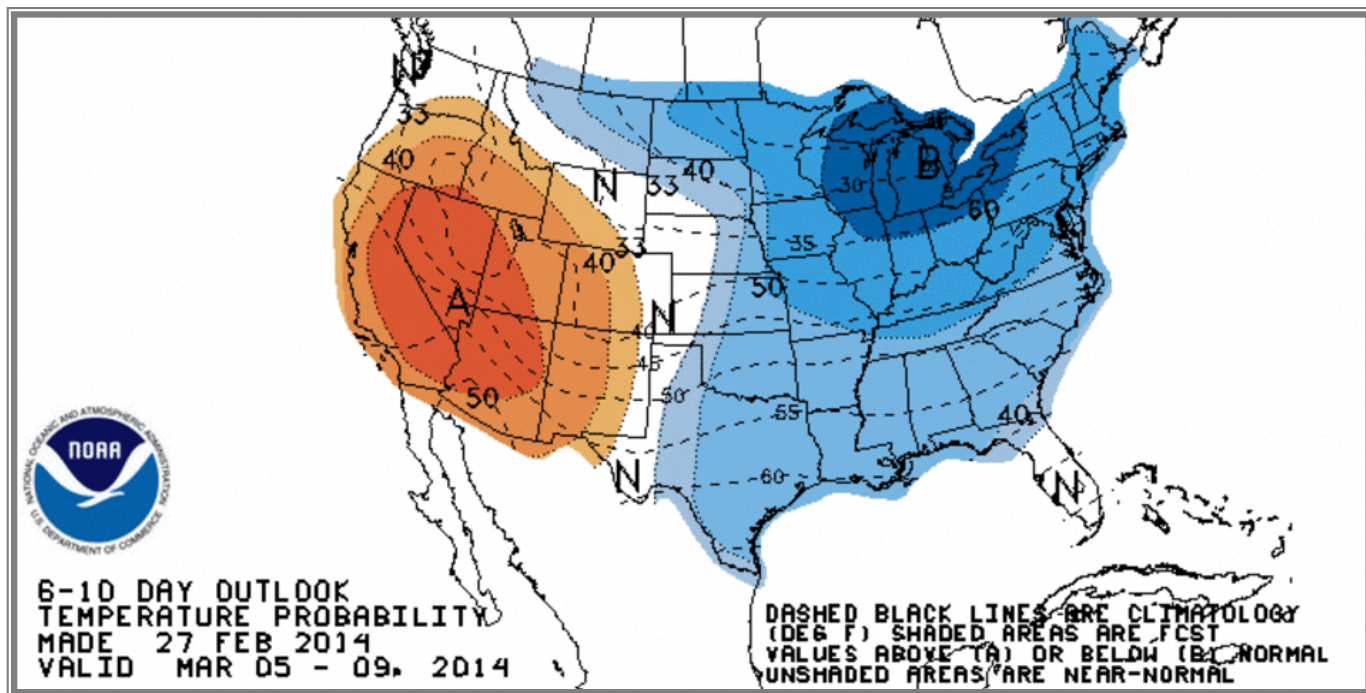
96.4

90.9

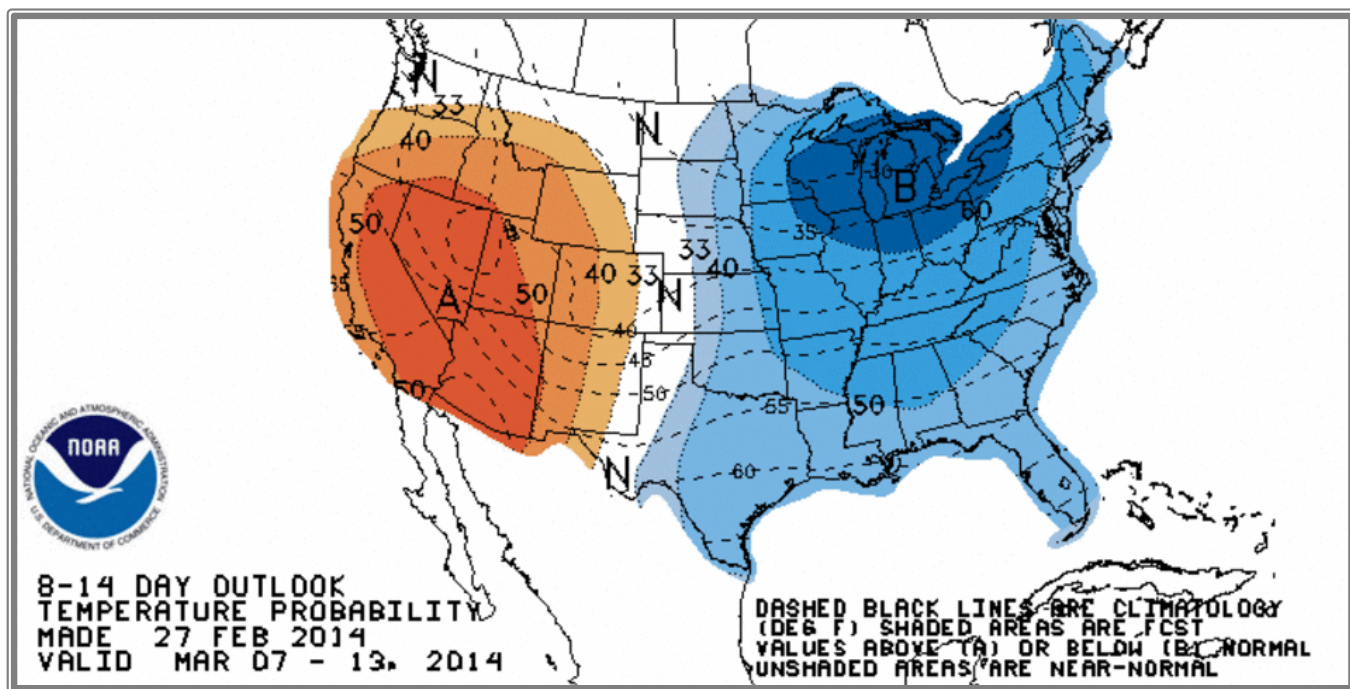
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

