

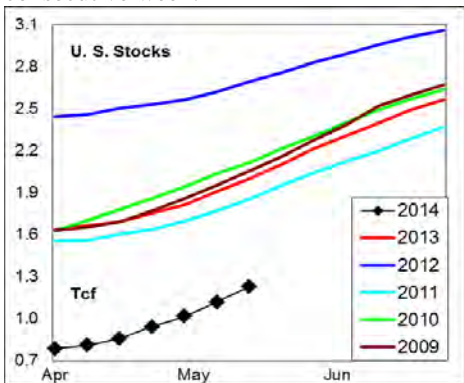
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

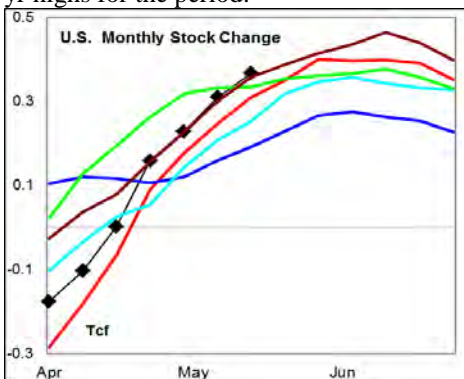
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, May 27, 2014



Summary ¹ The stock build of +106 Bcf last week was a record for the 2nd consecutive week.



The latest 4-wk stock change was a build of +367 Bcf, a rate of build that matched 5-yr highs for the period.



In the East Region stocks increased +65 Bcf for the week, matching the 5-yr high for the period. Stocks increased +12 Bcf in the West Region, matched the last 2-yrs. Stocks increased +29 Bcf on the week in the Producing region, a build near the historic high for the period.

Note: heating degree charts in the report are not current with data under revision.

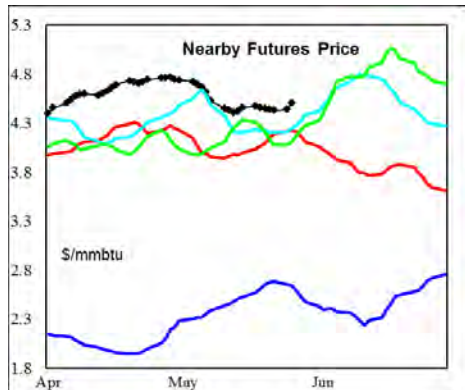
Temperatures were above normal East of the Rockies for the week ending 23May14.

The 6-10 day NWS forecast for the week ending 06Jun14 is for well above normal temperatures across the eastern 2/3rds of the country.

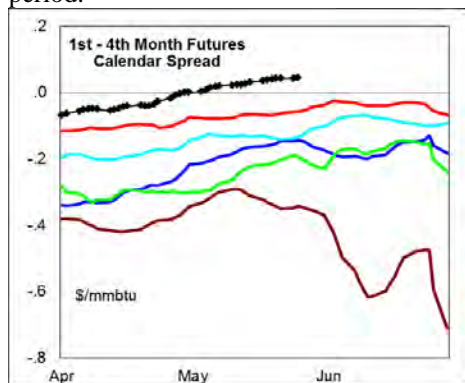
The 8-14 day NWS forecast for the week ending 10Jun14 is for above normal

temperatures across nearly the entire country.

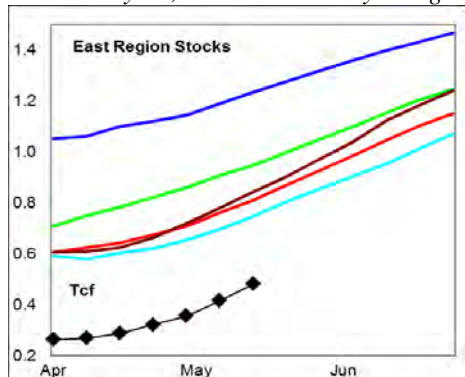
Prices: Nearby gas futures decreased - \$0.05/mmbtu for the week ending 27May14. The outlook for much above normal temperatures, driving increased demand for electric power generation, should support prices above the last 4-yrs in the near term.



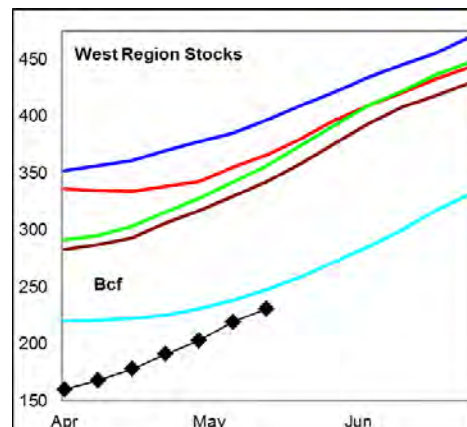
The 1st - 4th month forward price curve trended higher last week, ending in an inversion, this compares to a 'carry' market in each of the last 5-yrs for the period.



East Region stocks increased +65 Bcf for the week, matching the 5-yr high for the period. The current stock level is -39% below last year, and below the 5-yr range.

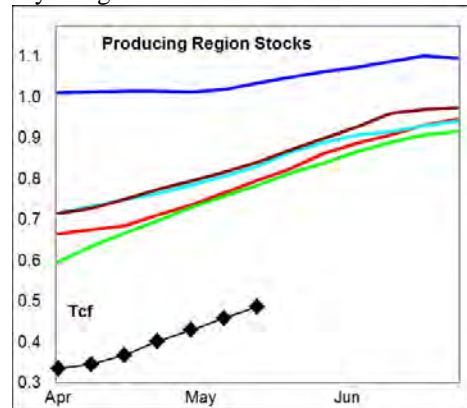


Temperatures were above normal in the week just ended, with a forecast to be well above normal for the next 10-days.



West Region stocks increased +12 Bcf last week, matching the last 2-yrs. Stock levels ended the week -37% below last year, and below the 5-yr range. Temperatures are forecast to be above normal for the next 10-days, increasing gas demand for electric power.

Producing Region stocks increased +29 Bcf for the week, a build near the historic high for the period. Stock levels ended the week -38% below last year, and below the 5-yr range.



Temperatures are forecast to be well above normal for the next 10-days in the region.

Residual Fuel Oil Switching: The price spread between fuel oil and natural gas favors natural gas use.

Outlook: The current forecast of much above normal temperatures during the next 10-days should lift demand for electric power generation. The inverted forward price curve reflects strong prompt demand, reducing the economics of filling seasonal storage. Look for price strength in low stock levels and rising summer demand.

¹ Related Web Sites:

Data Source is EIA Weekly Statistics

National Weather Service 6-10 Day

National Weather Service 10-14 Day

NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: May 27, 2014

For the week ending: 16-May-14

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

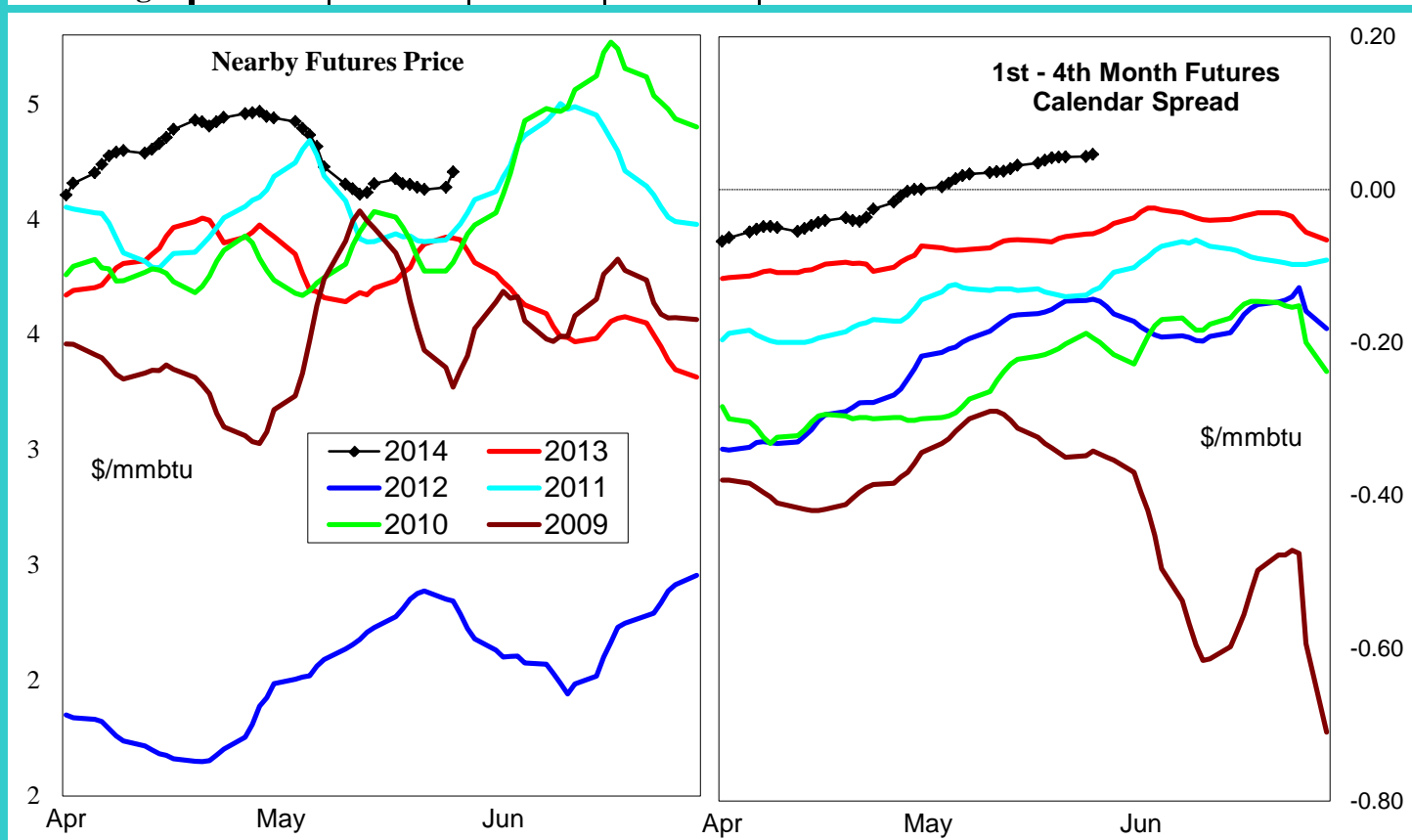
Week ending:	16-May-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,266	106	-37.9	-14	-45%	-2	-33%	-3	-77%
East	522	65	-38.6	-17	-39%	-2	-18%	-4	-74%
West	231	12	-36.9	-12	-58%	-2	-55%	-5	-78%
Producing	513	29	-37.7	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

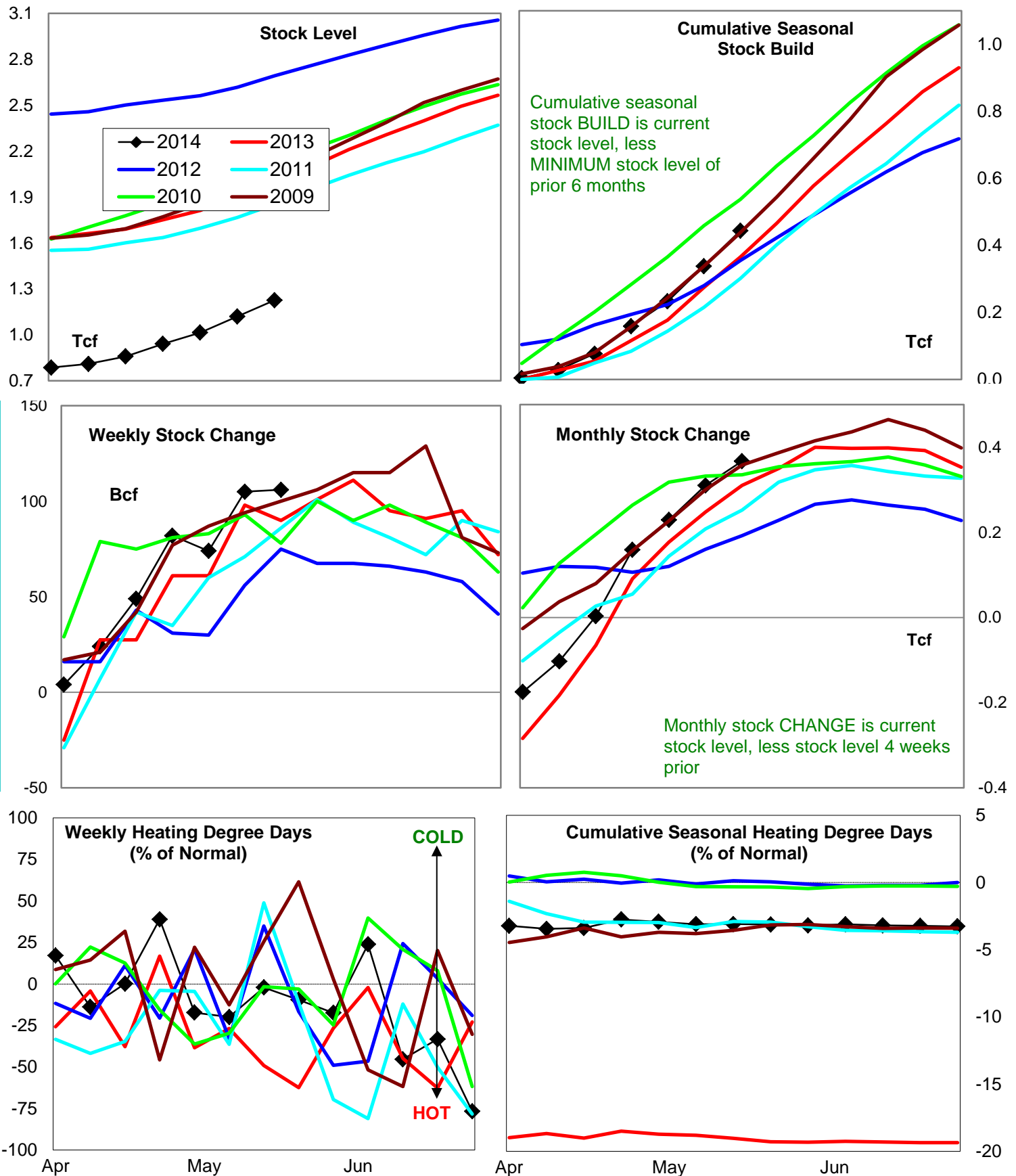
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	444	79	17.8	6	-3.2	4	-3.2	1	-3.3
East	217	15	6.9	6	-2.9	4	-2.9	1	-2.9
West	71	36	50.7	10	-4.6	8	-4.7	3	-4.9
Producing	161	29	18.0	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

Date:	30-Jun-14	Change vs prior week, month, year		
		24-Jun-14	3-Jun-14	9-Jul-13
1st month Futures	4.51	0.03	-0.31	0.68
% change	xxxxx	0.7	-6.4	17.7



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-774

16

57

79

Percent Change (%)

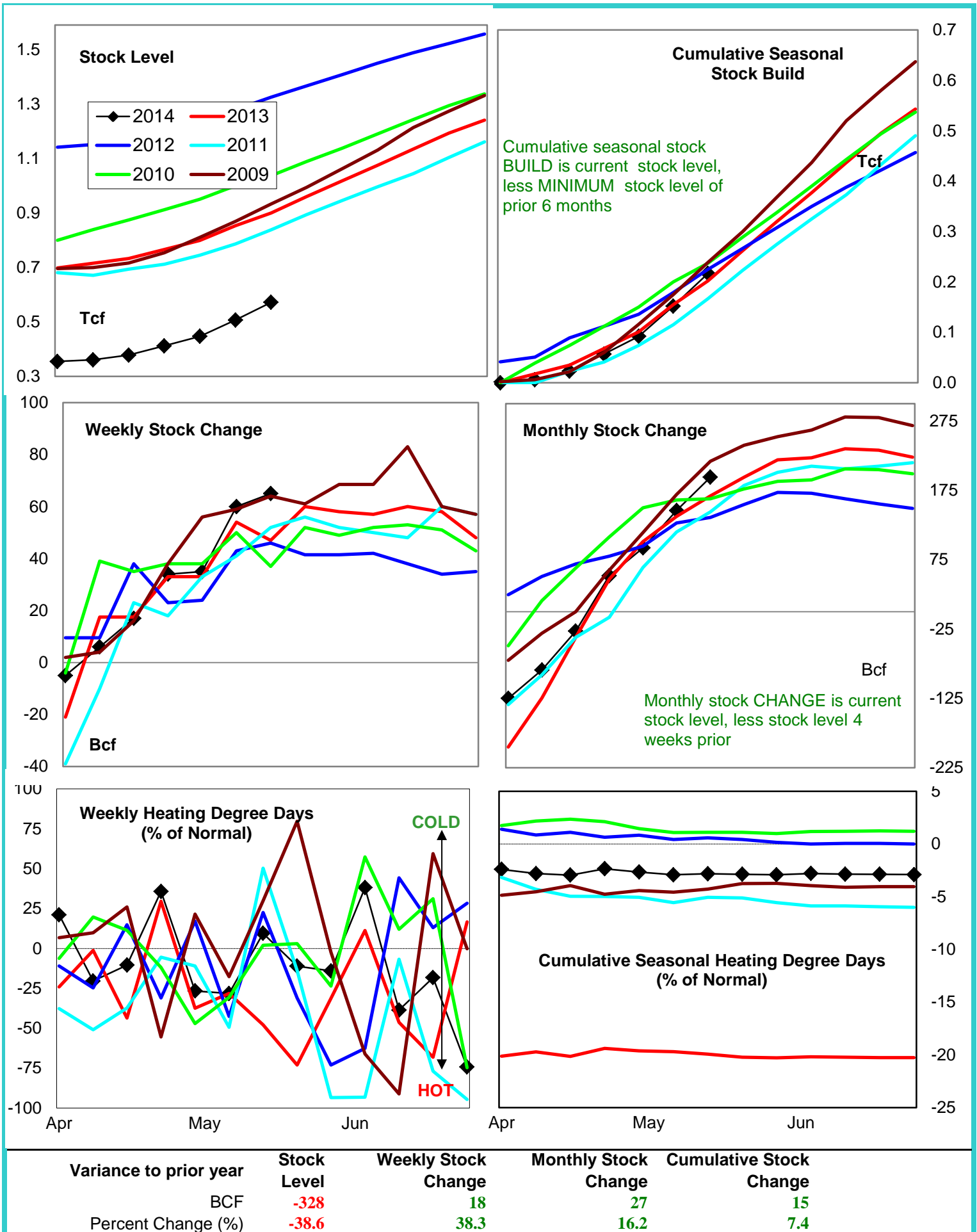
-37.9

17.8

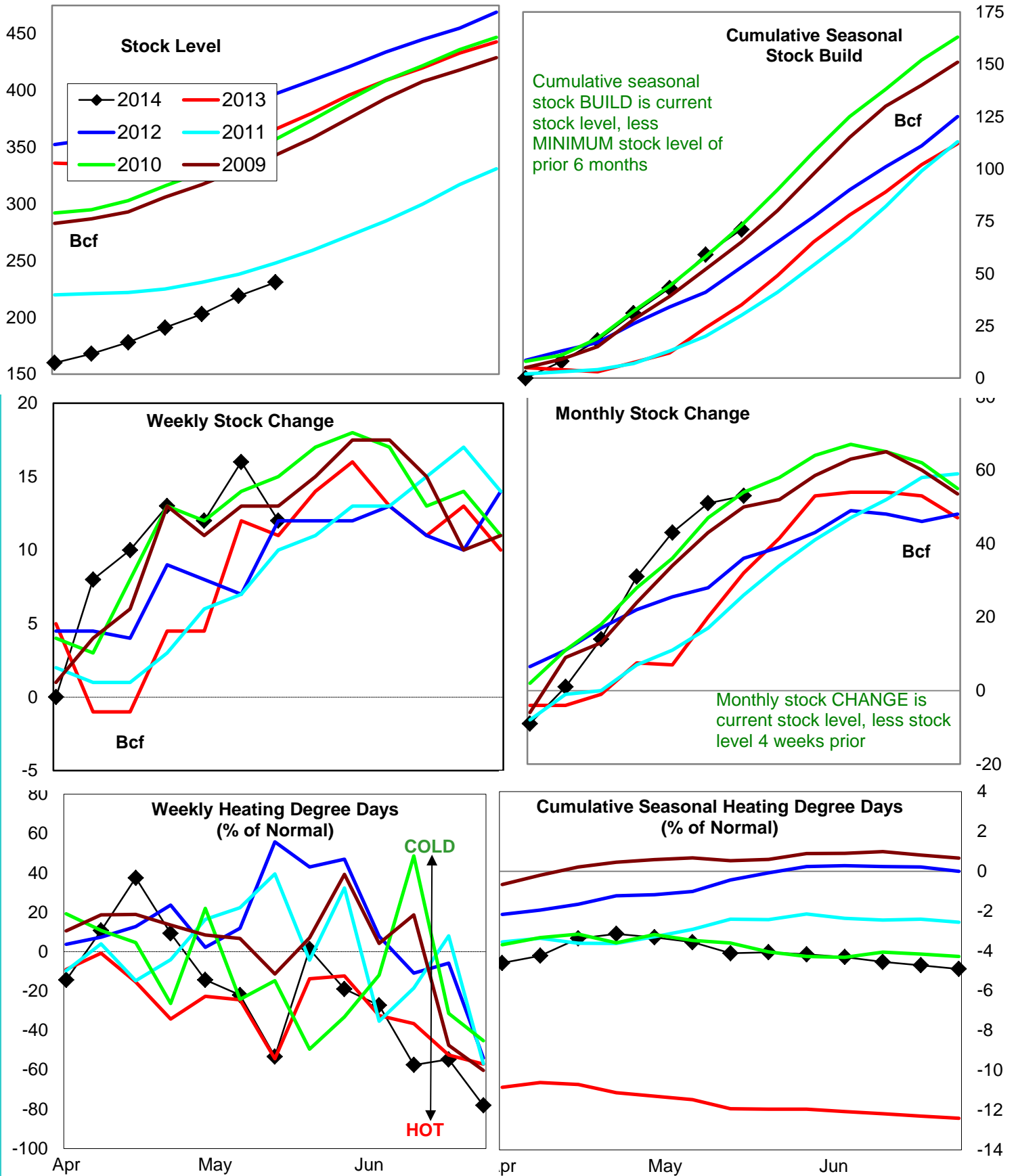
18.4

21.6

Natural Gas East Region Stock and Weather Trends



Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

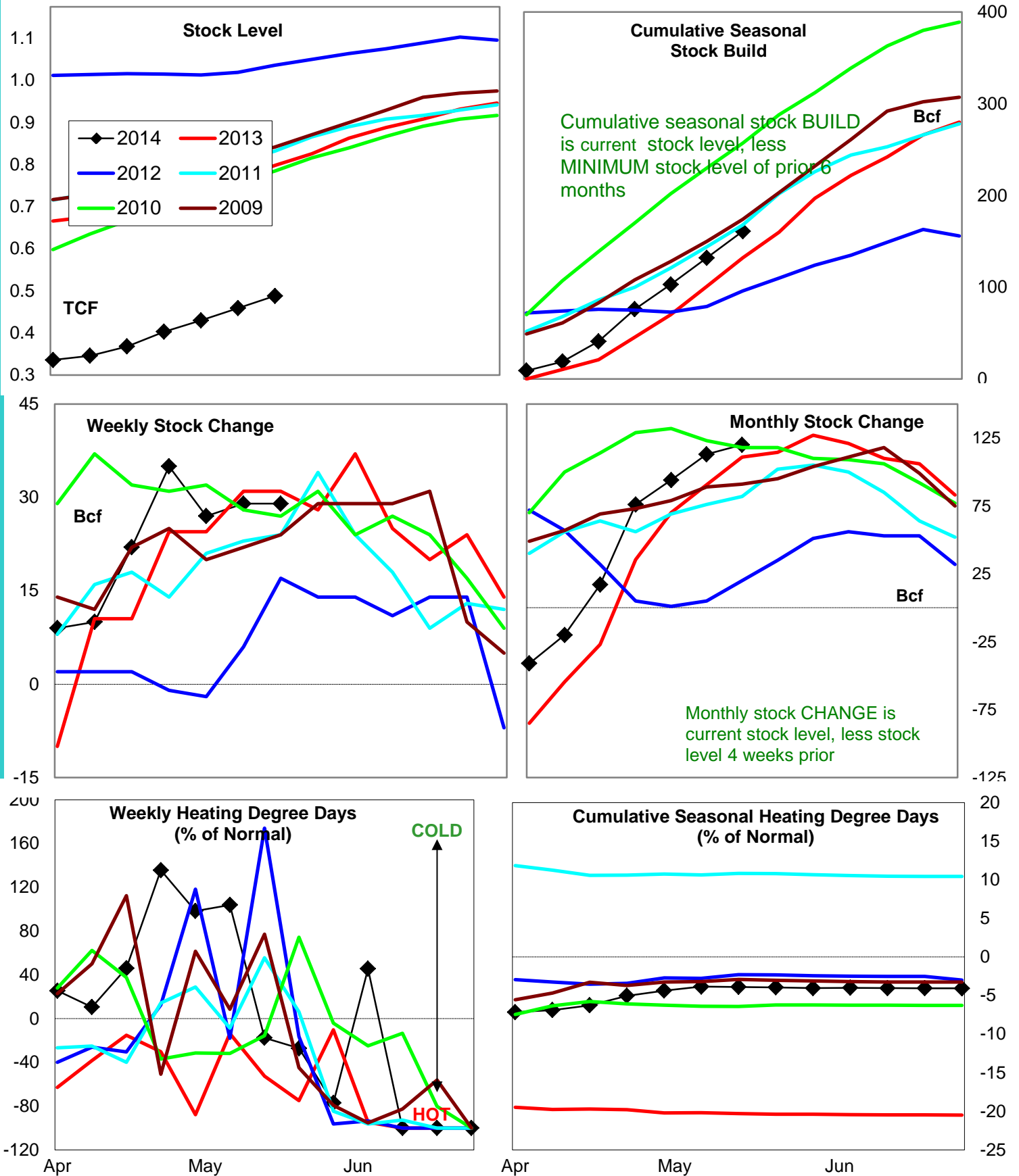
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-135
-36.91
9.121
65.636
102.9

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-310

-2

9

29

Percent Change (%)

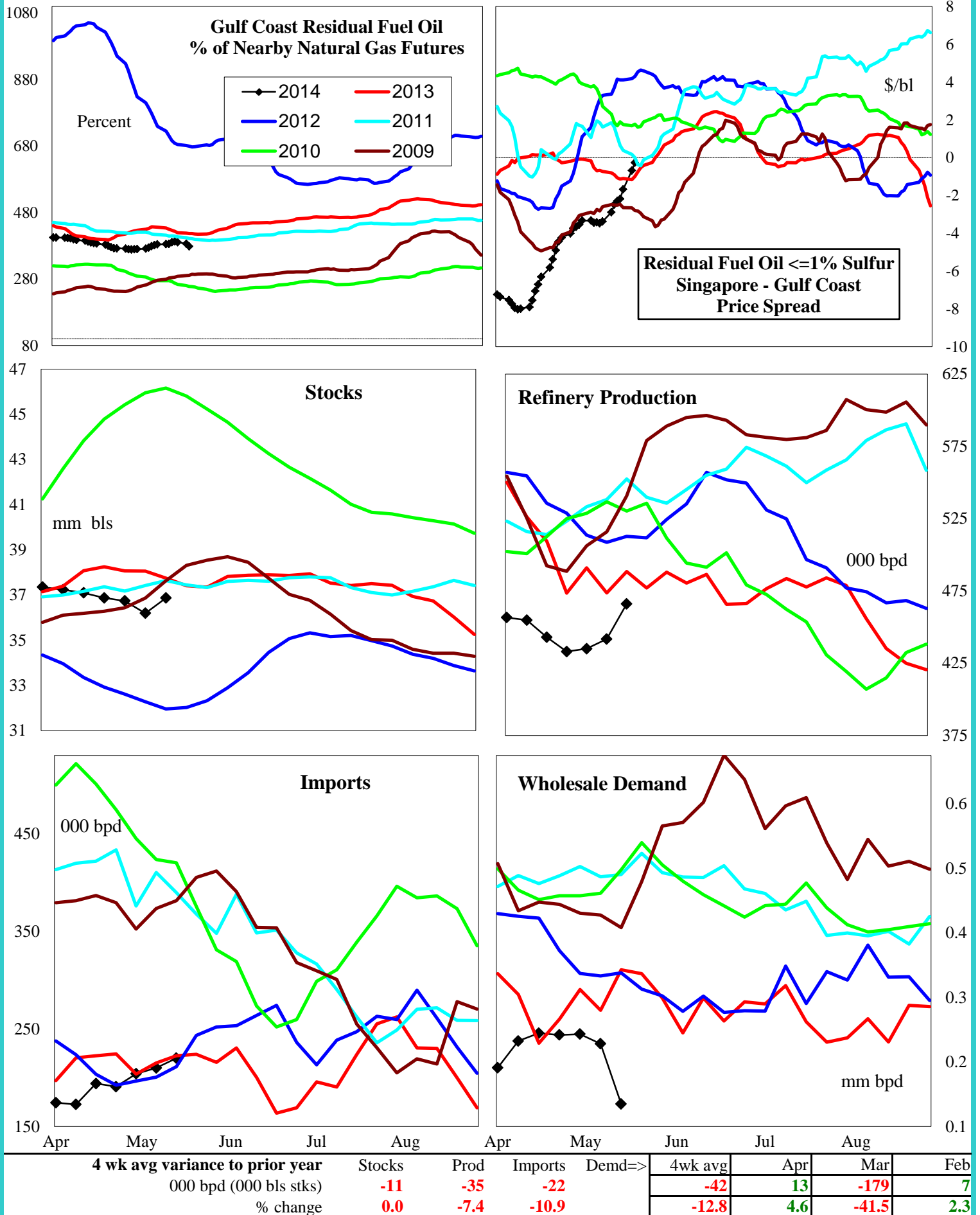
-37.7

-6.5

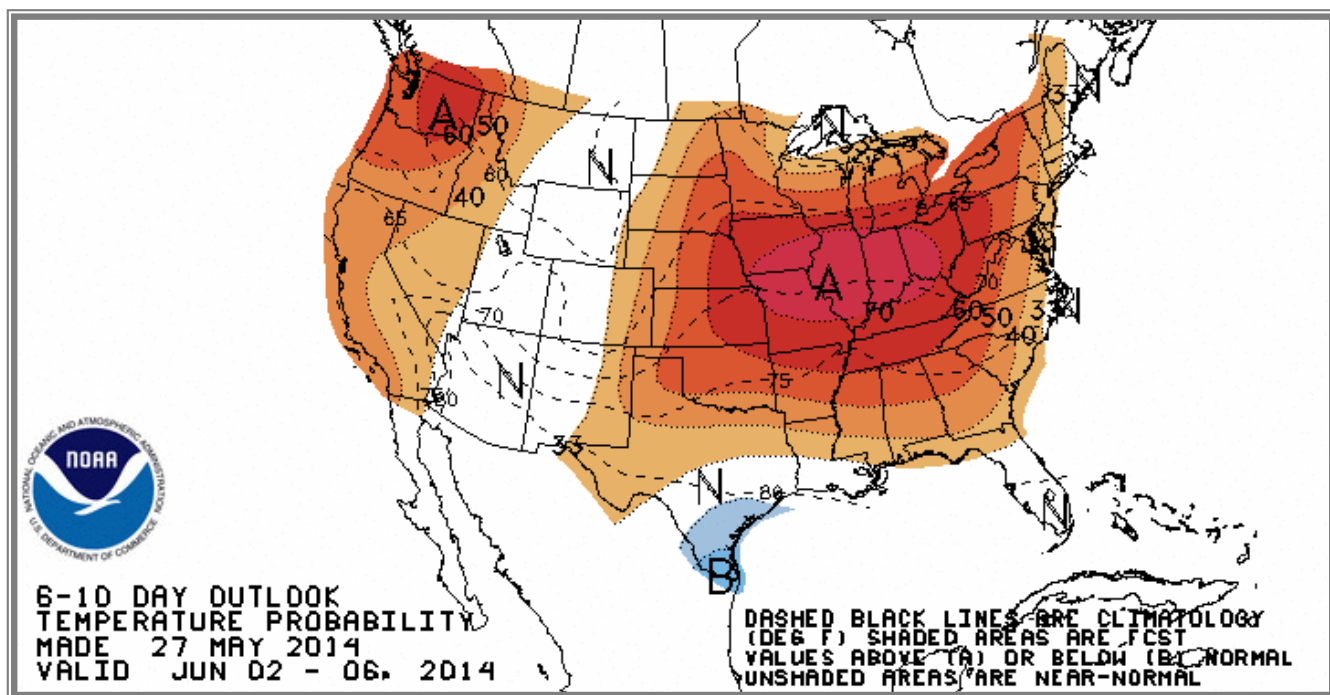
8.1

22.0

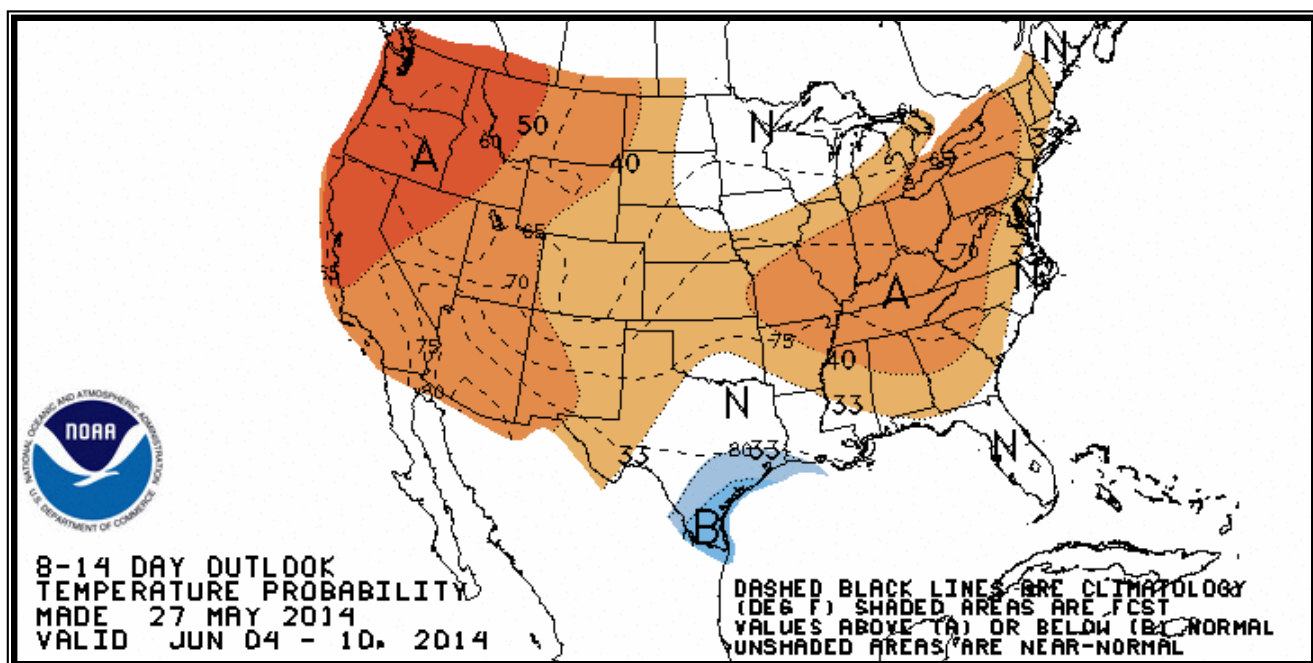
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

