

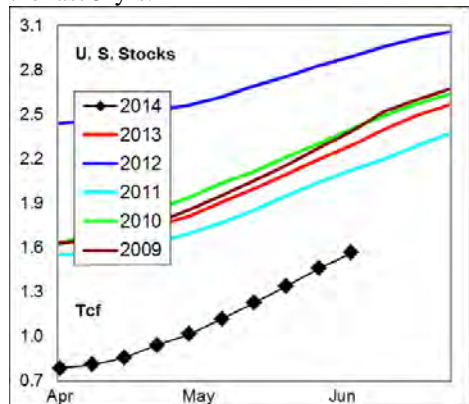
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

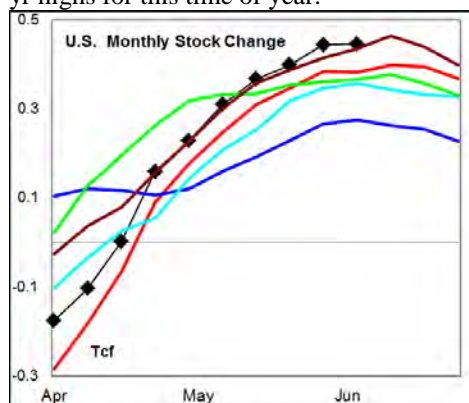
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 12, 2014



Summary¹ The stock build of +107 Bcf last week was a build greater than four of the last 5-yrs.



The latest 4-wk stock change was a build of +446 Bcf, a rate of build that matched 5-yr highs for this time of year.



In the East Region stocks increased +65 Bcf for the week, a larger build than four of the last 5-yrs. Stocks increased +13 Bcf in the West Region, a build that matched the last 3-yrs. Stocks increased +29 Bcf on the week in the Producing region, also a build greater than four of the last 5-yrs.

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

Temperatures were near normal East of the Rockies for the week ending 07Jun14.

The 6-10 day NWS forecast for the week ending 21Jun14 is for slightly above normal temperatures in the East and below normal in the central 1/2 of the country.

¹ Related Web Sites:

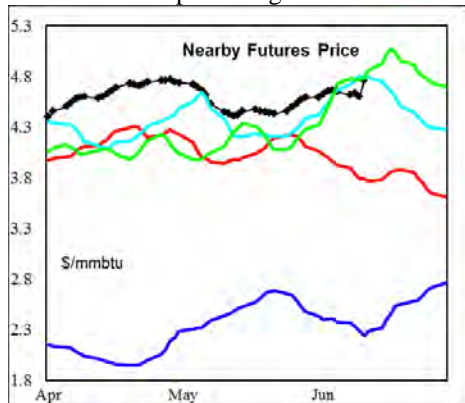
[Data Source is EIA Weekly Statistics](#)

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

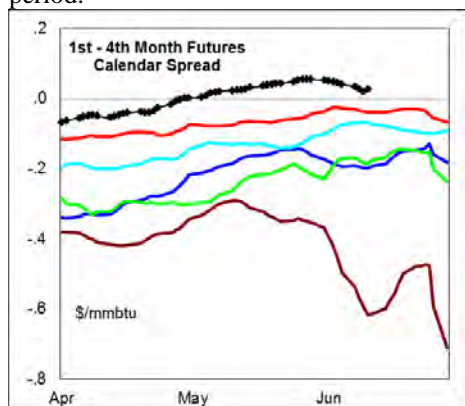
[National Weather Service 10-14 Day](#)

The 8-14 day NWS forecast for the week ending 25Jun14 is for below normal temperatures across the central 1/2 of the country.

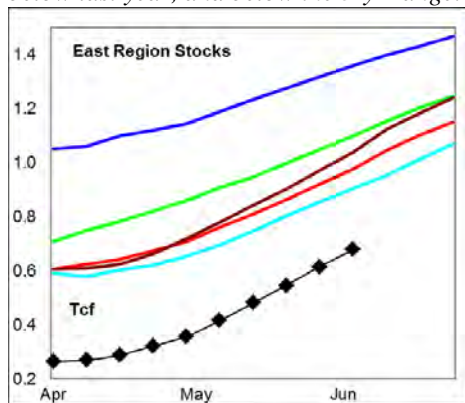
Prices: Nearby gas futures increased \$0.06/mmbtu for the week ending 12Jun14. A slowdown in the rate of stock building last week combined with the Iraq conflict led to a price surge late this week.



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

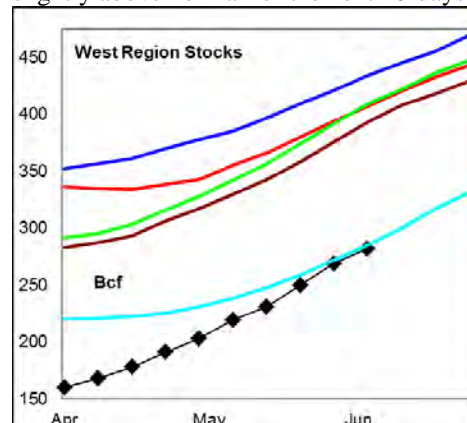


East Region stocks increased +65 Bcf for the week, a larger build than four of the last 5-yrs. The current stock level is -29% below last year, and below the 5-yr range.



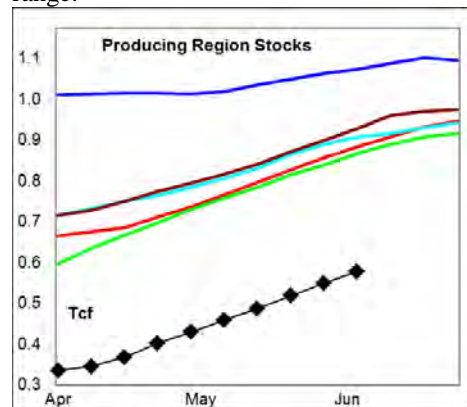
Temperatures were near normal in the

week just ended, with a forecast to be slightly above normal for the next 10-days.



West Region stocks increased +13 Bcf last week, a build that matched the last 3-yrs. Stock levels ended the week -31% below last year, while matching prior 5-yr lows. Temperatures are forecast to be near normal for the next 10-days.

Producing Region stocks increased +29Bcf for the week, a build greater than four of the last 5-yrs. Stock levels ended the week -34% below last year, and below the 5-yr range.



Temperatures are forecast to be near 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 Iraq conflict and a stock build last week that dipped below 5-yr highs, led to a price spike late this week. The current forecast of near normal temperatures during the next 10-days and a record rate of stock building for the last month, should constrain the current price surge.

NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: June 12, 2014

For the week ending: 6-Jun-14

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

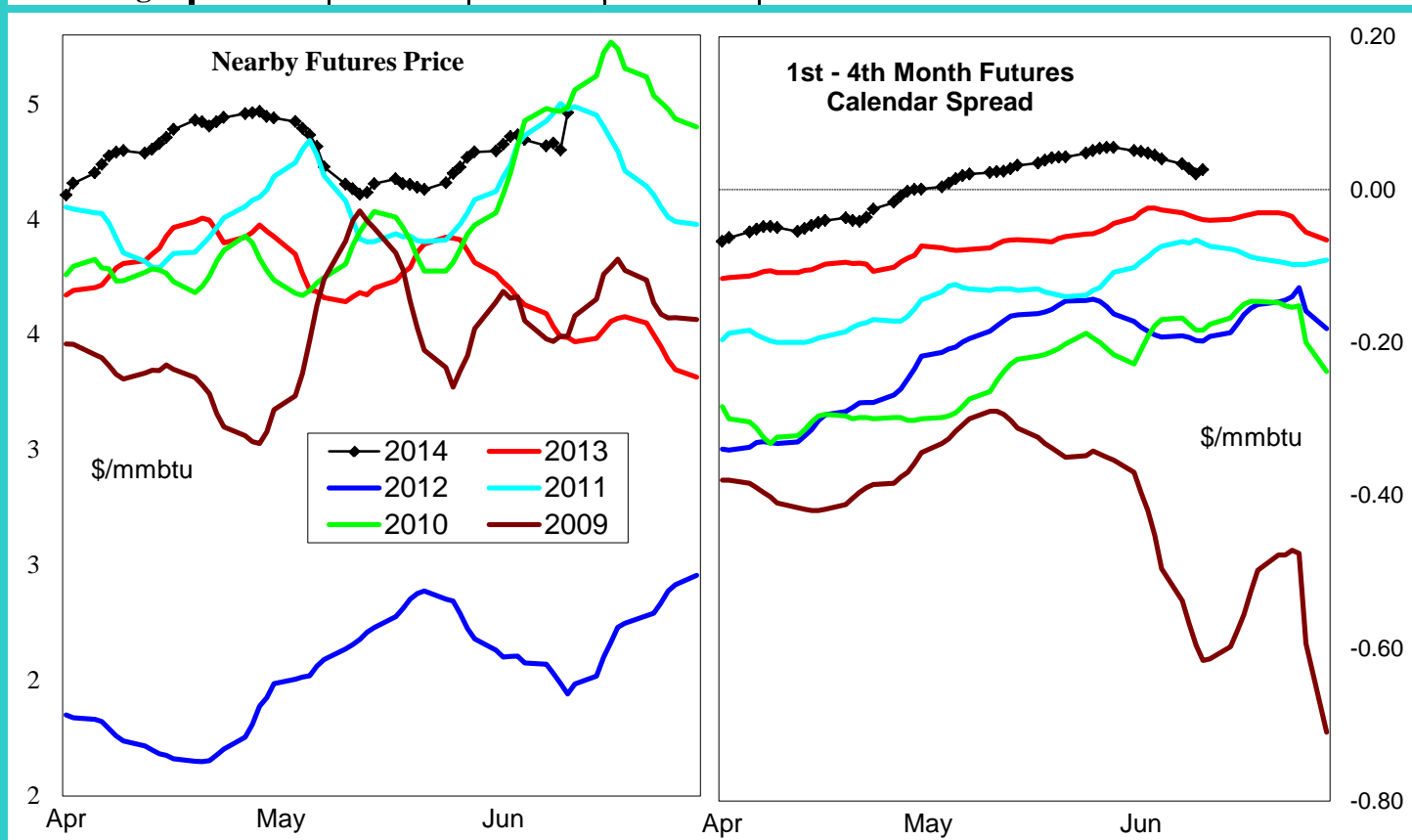
| Week ending: | 6-Jun-14 | | | 15-Jun-13 | | 22-Jun-13 | | 29-Jun-13 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Heating Degree 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 | 1,606 | 107 | -31.2 | -14 | -45% | -2 | -33% | -3 | -77% |
| East | 720 | 65 | -29.2 | -17 | -39% | -2 | -18% | -4 | -74% |
| West | 282 | 13 | -30.7 | -12 | -58% | -2 | -55% | -5 | -78% |
| Producing | 604 | 29 | -33.6 | -4 | -100% | 0 | -100% | 0 | -100% |

Seasonal Trends in Stocks and Heating Degree Days

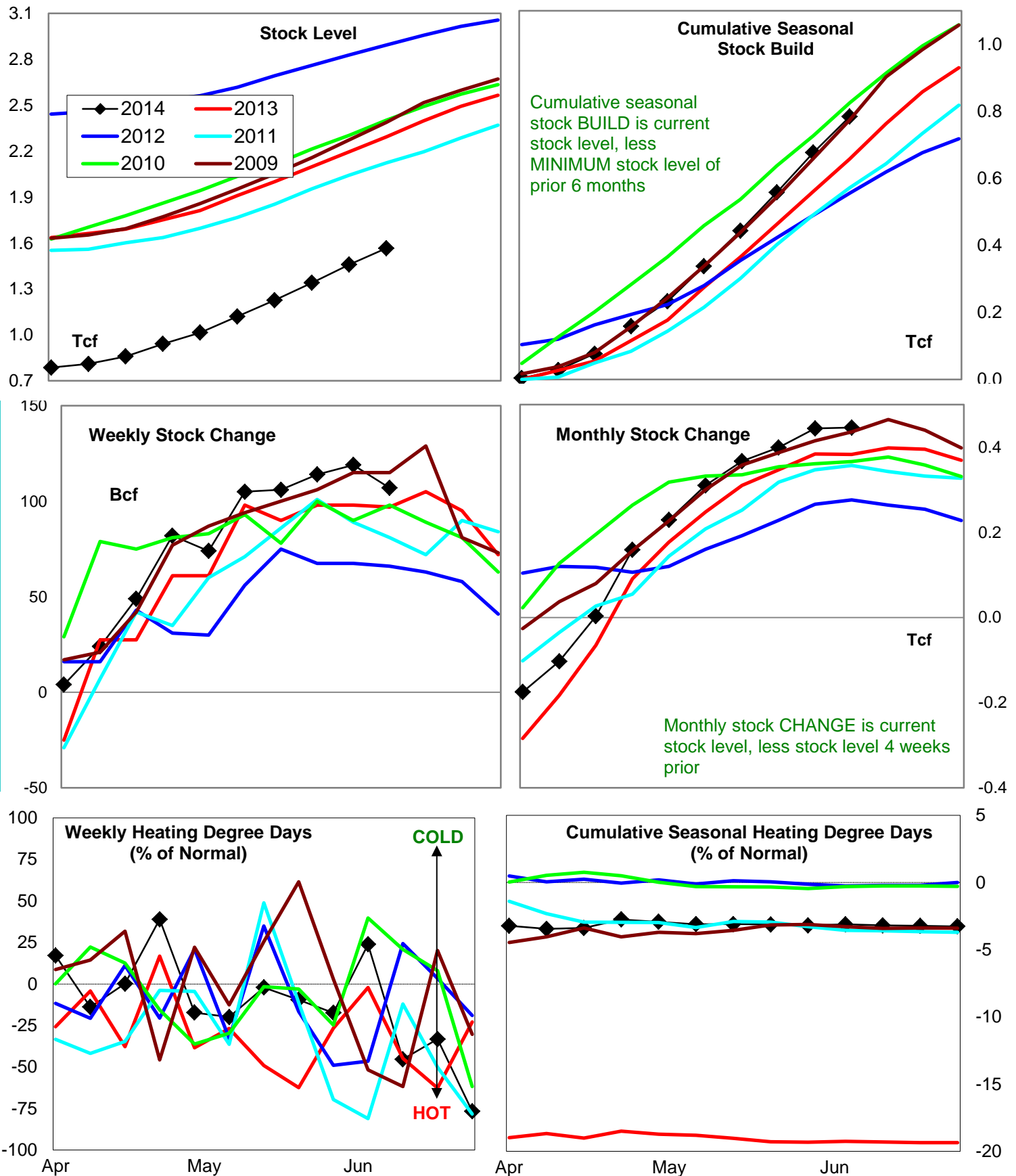
| | Cumulative Stock Change | | | Cumulative Heating Degree Days | | | | | |
|-------------------|-------------------------|-----------------------------|-------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Bcf | Change vs prior year Bcf | % | CHDD's vs normal | % of normal | CHDD's vs normal | % of normal | CHDD's vs normal | % of normal |
| U.S. Total | 784 | 126 | 16.1 | 6 | -3.2 | 4 | -3.2 | 1 | -3.3 |
| East | 415 | 46 | 11.1 | 6 | -2.9 | 4 | -2.9 | 1 | -2.9 |
| West | 122 | 46 | 37.7 | 10 | -4.6 | 8 | -4.7 | 3 | -4.9 |
| Producing | 252 | 34 | 13.5 | 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 | 4.76 | 0.05 | 0.35 | 1.12 |
| % change | xxxxx | 1.1 | 7.9 | 30.6 |



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-727

10

63

126

Percent Change (%)

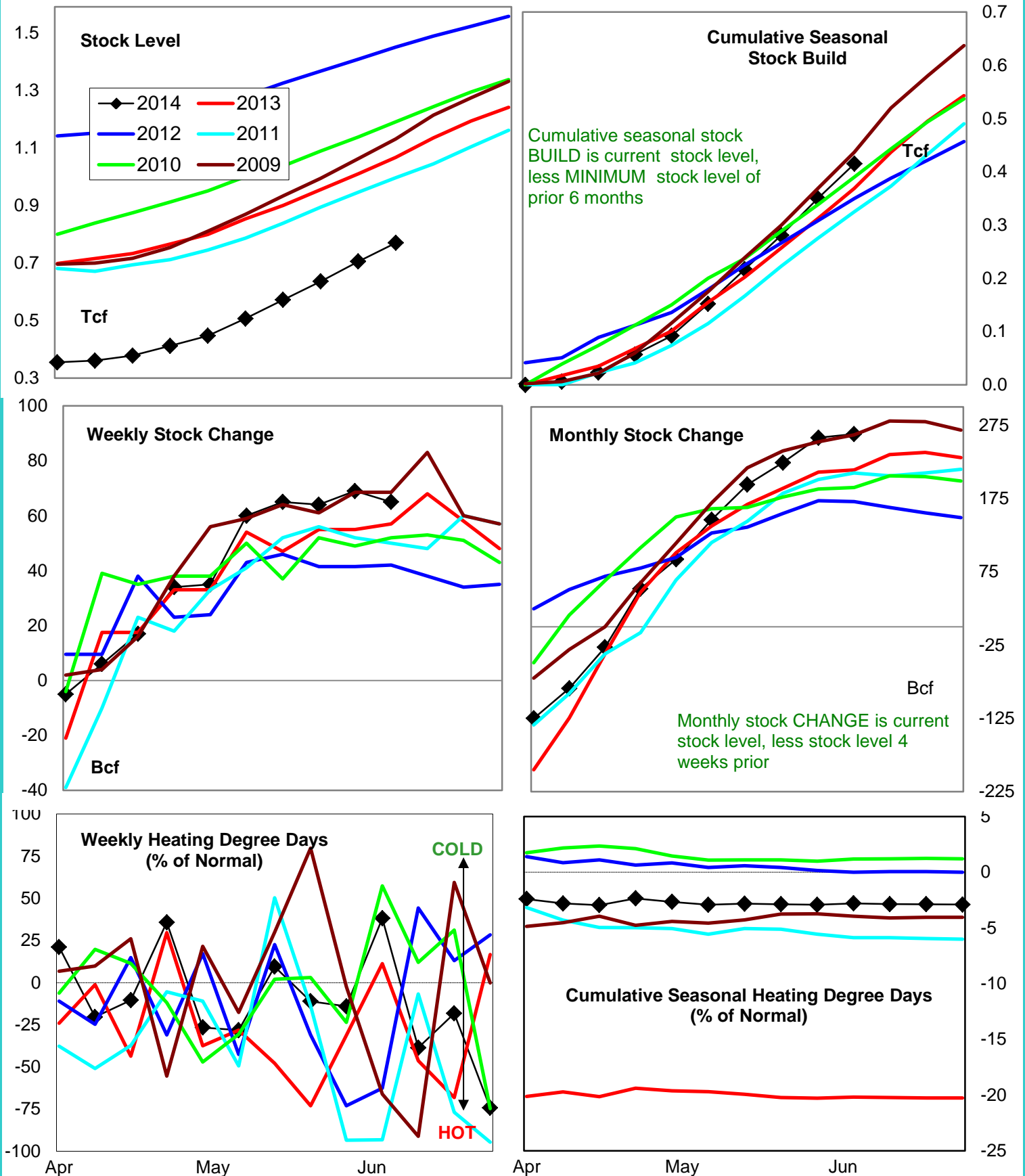
-31.2

10.3

16.4

19.1

Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-297

8

49

46

Percent Change (%)

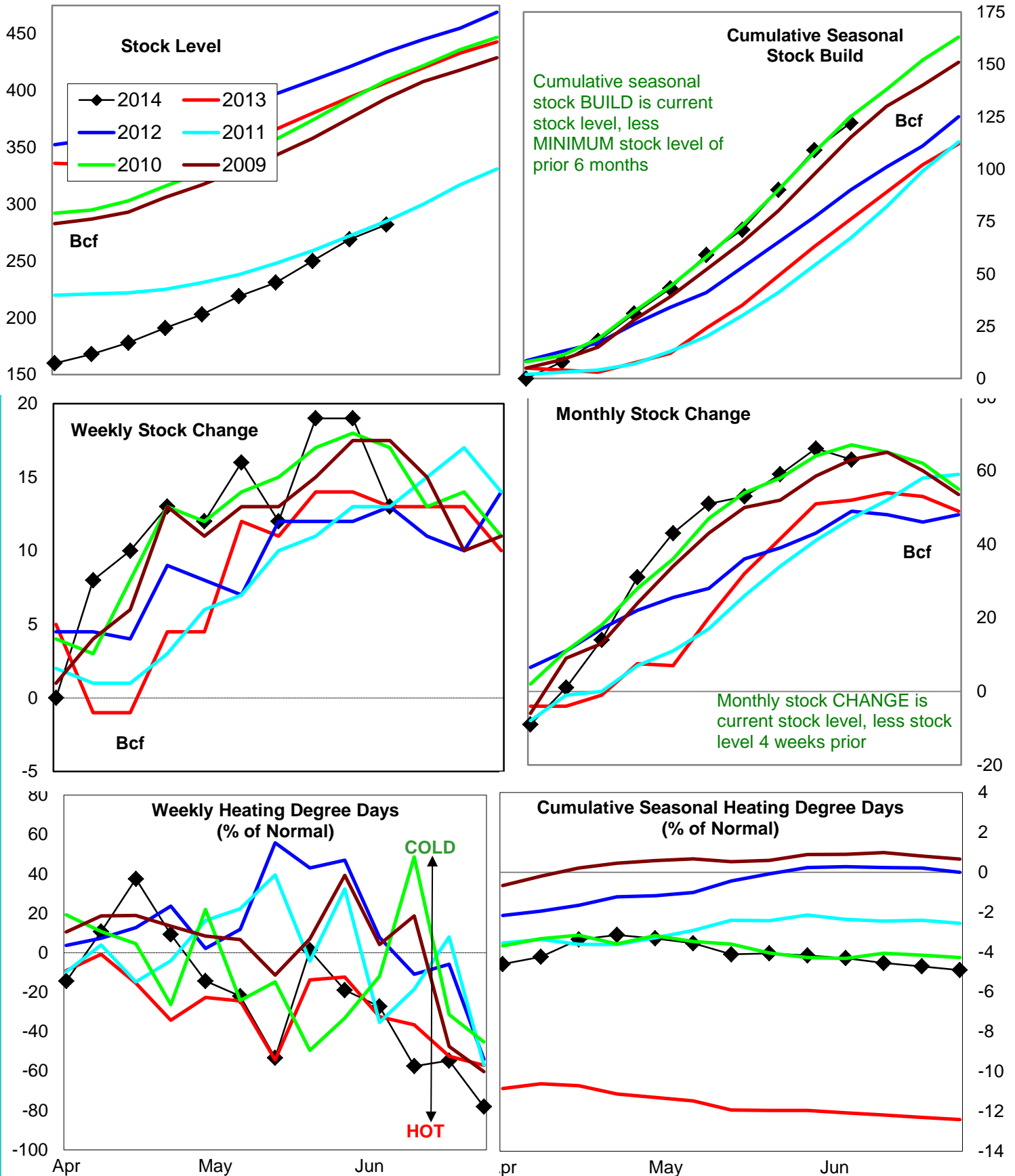
-29.2

14.0

22.9

12.5

Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)

-125

-30.7

0

0.0

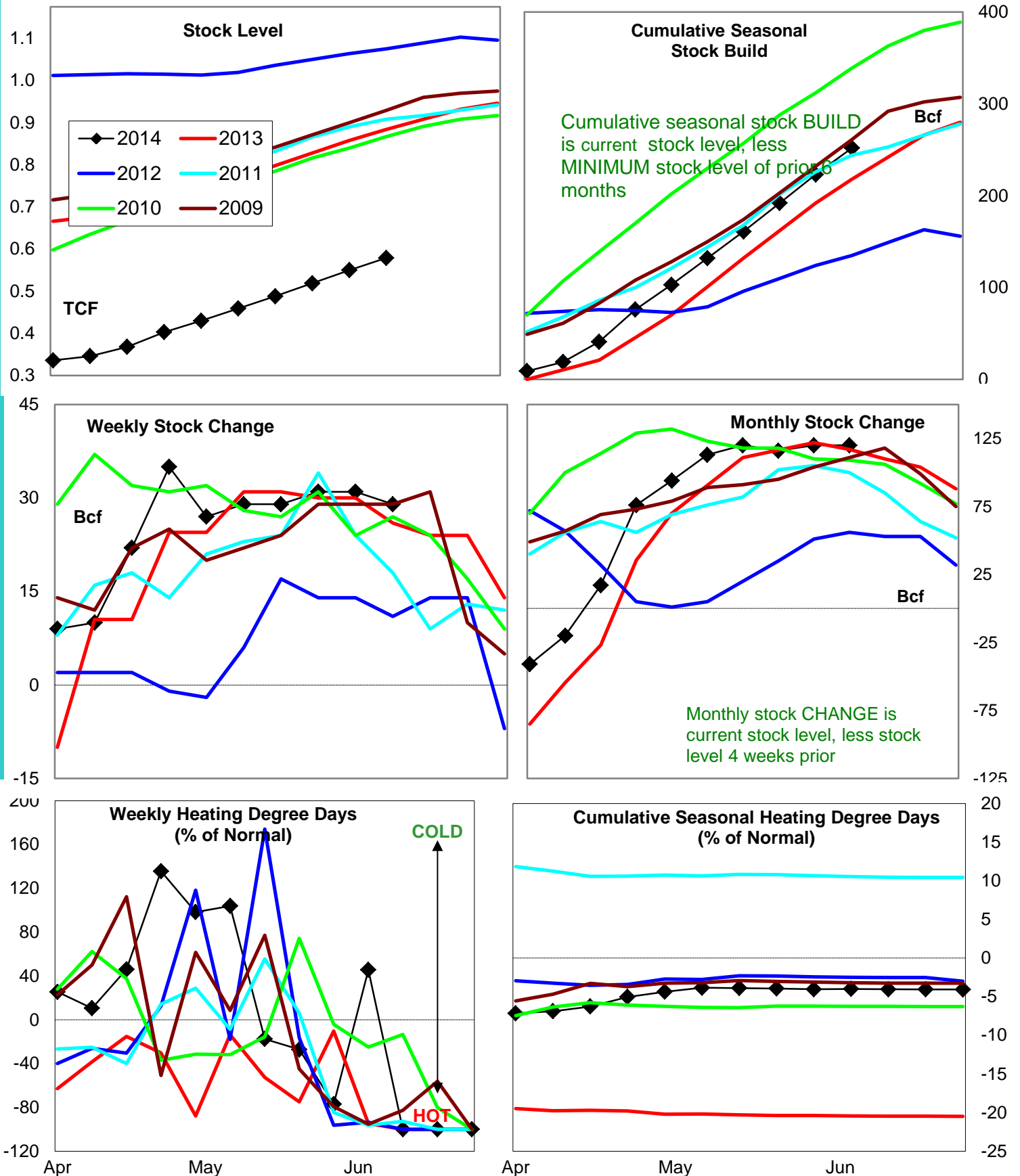
11

21.2

46

60.5

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-305

3

3

34

Percent Change (%)

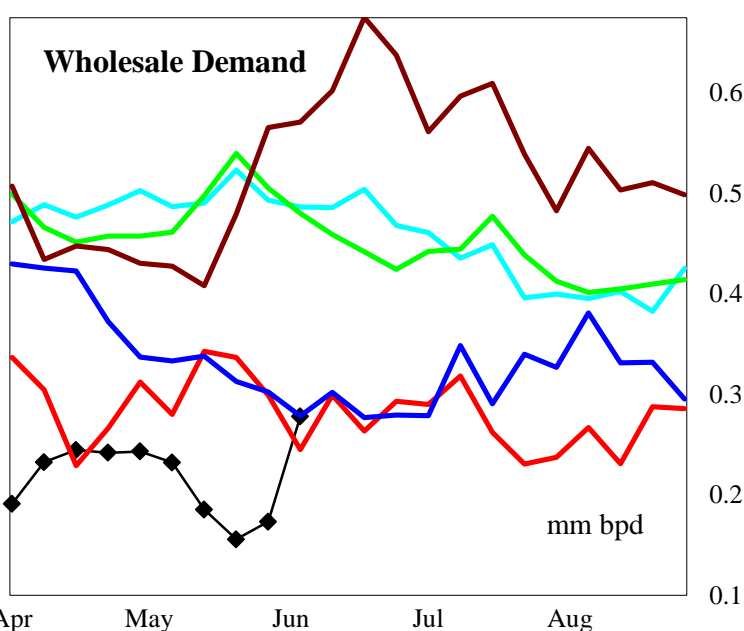
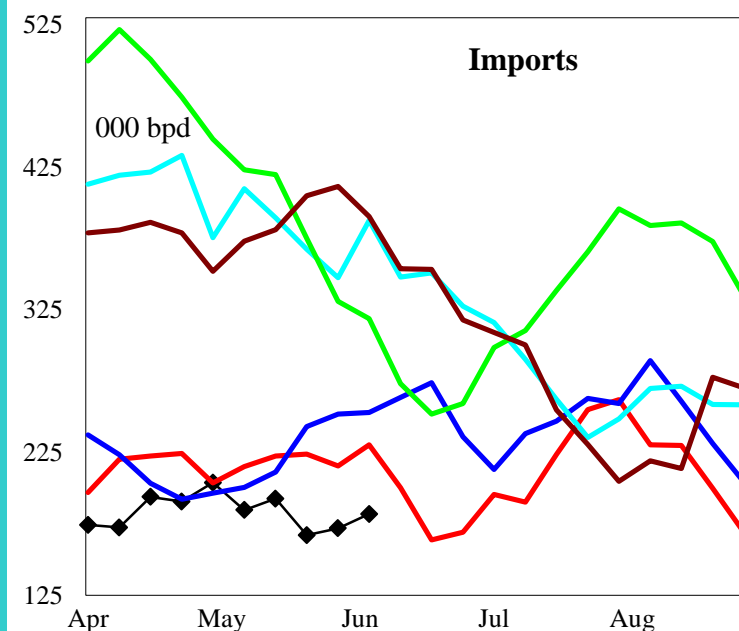
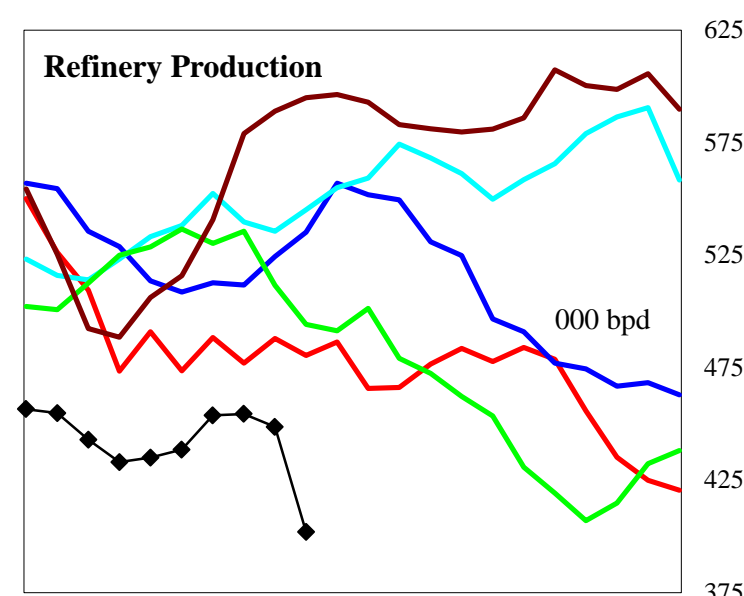
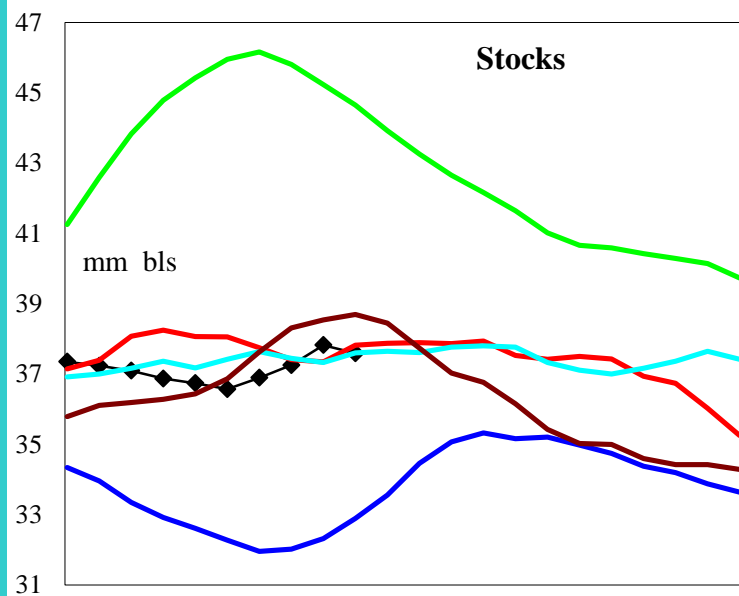
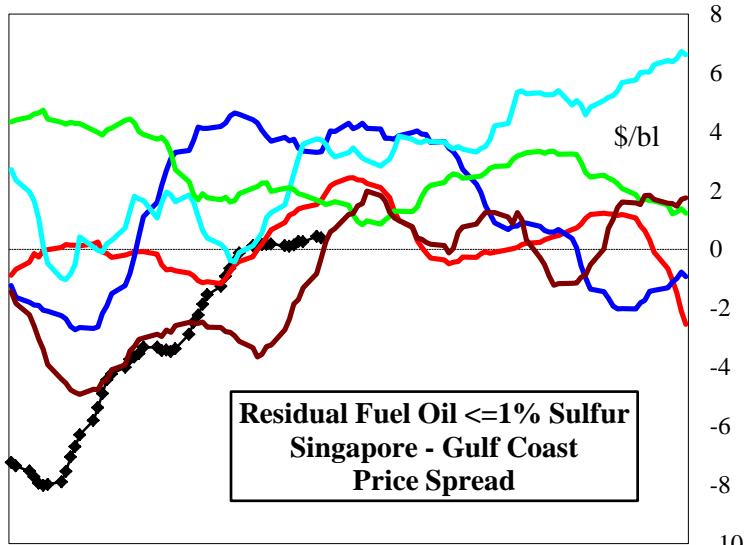
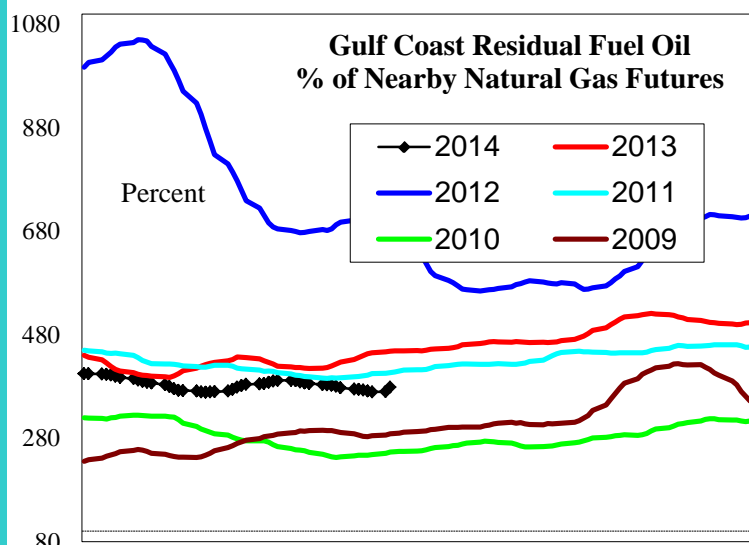
-33.6

11.5

2.6

15.6

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

91

0.2

Prod

-45

-8.9

Imports

-46

-19.8

Demd=>

4wk avg

-167

-46.9

Apr

13

4.6

Mar

-179

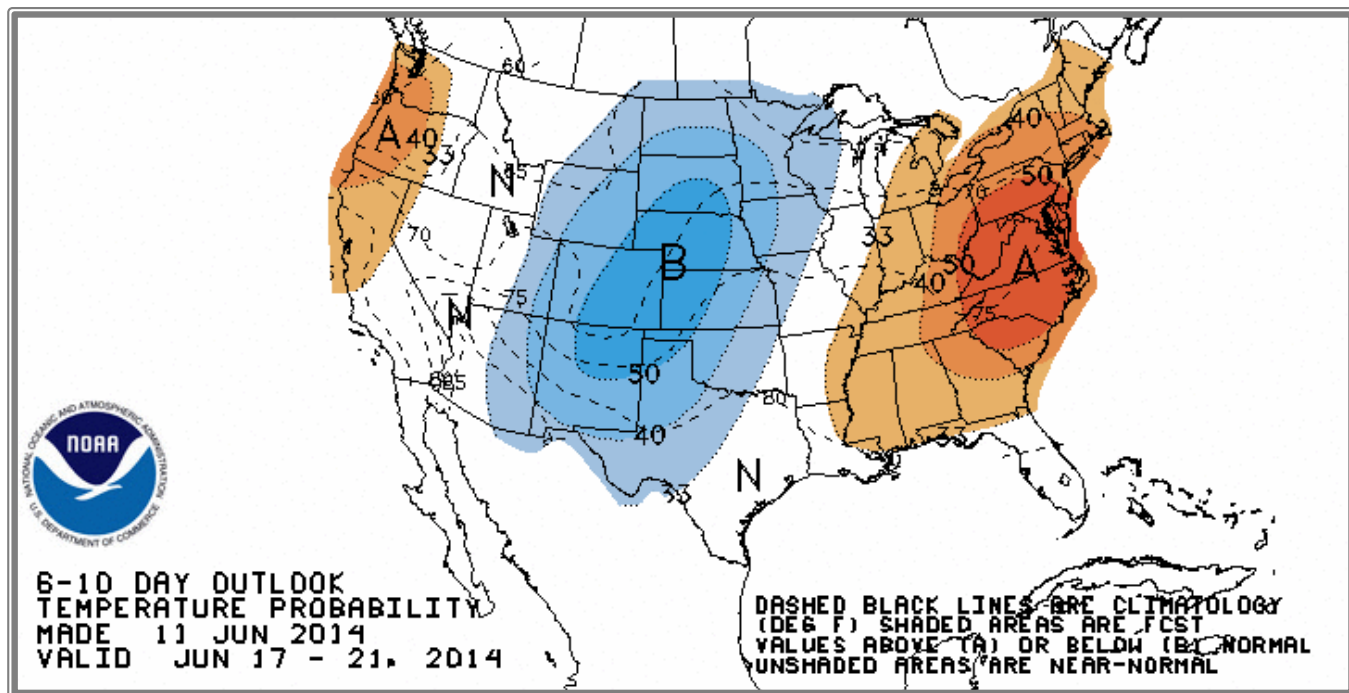
-41.5

Feb

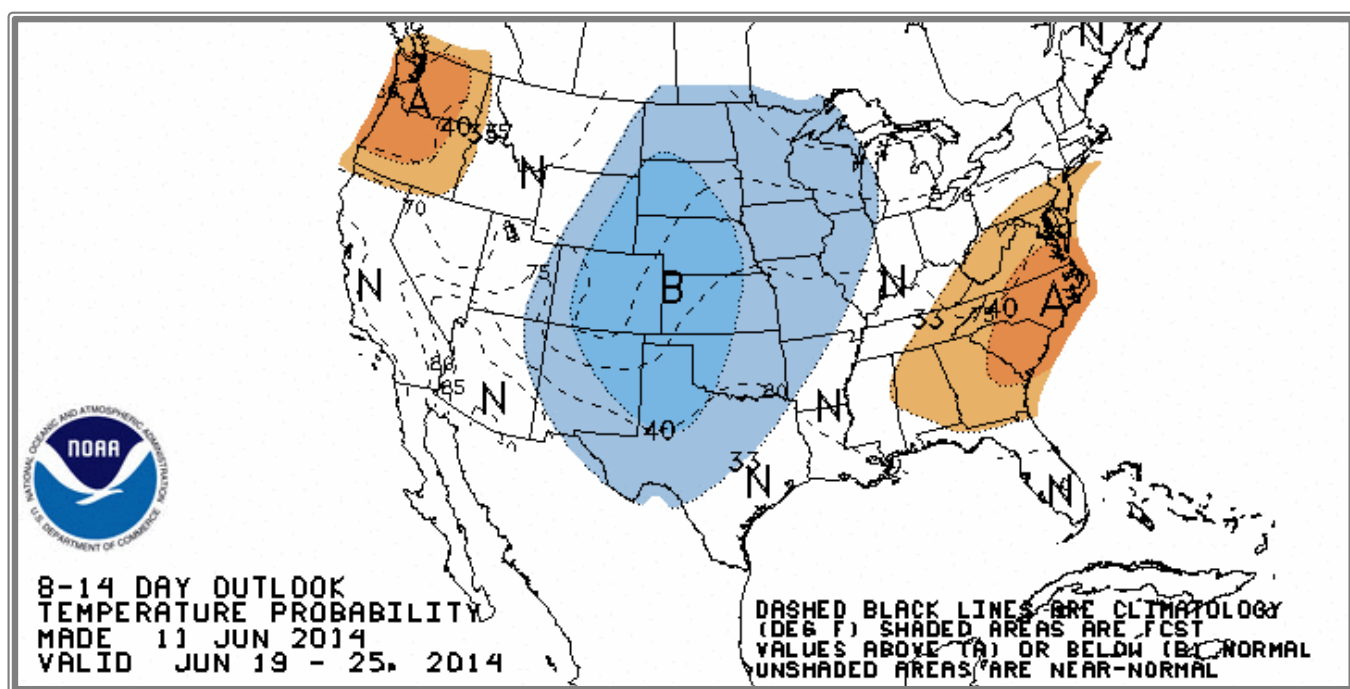
7

2.3

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

