

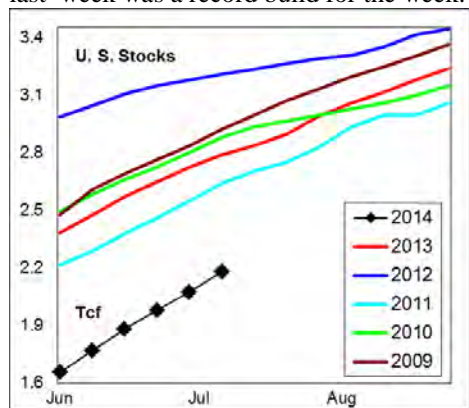
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

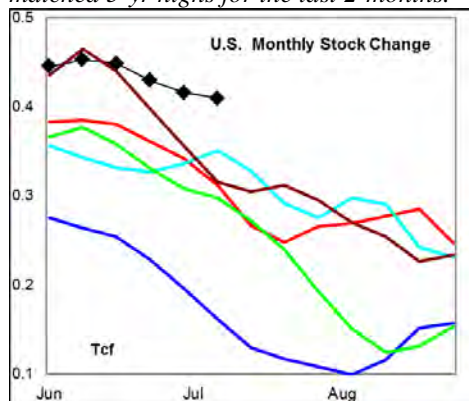
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 17, 2014



Summary¹ The stock build of +107 Bcf last week was a record build for the week.



The latest 4-wk stock change was a build of +410 Bcf, a record rate of build for the month. *The monthly rate of build has matched 5-yr highs for the last 2-months.*



In the East Region stocks increased +65 Bcf for the week, a record build for the week. Stocks increased +13 Bcf in the West Region, matching the historic high for the week. Stocks increased +29 Bcf on the week in the Producing region, a record build for the period.

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

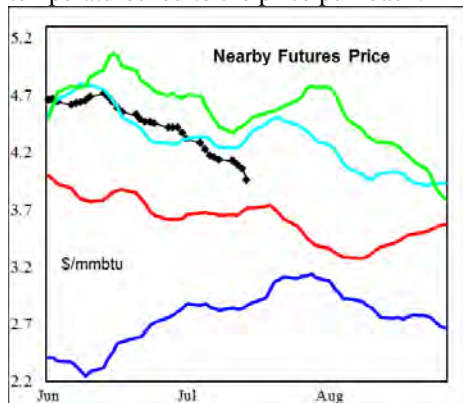
Temperatures were much below normal across most of the country for the week ending 11Jul14.

The 6-10 day NWS forecast for the week ending 26Jul14 is for sharply above normal temperatures across the central

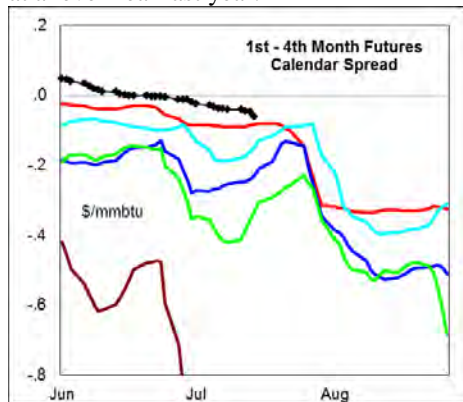
2/3rds of the country.

The 8-14 day NWS forecast for the week ending 30Jul14 is for above normal temperatures in the south and west 1/2 of the country.

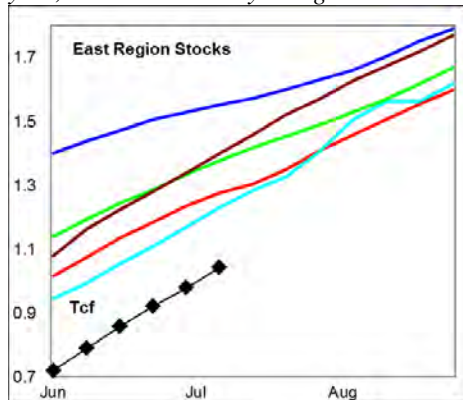
Prices: Nearby gas futures fell - \$0.16/mmbtu for the week ending 17Jul14. An extended period of record rates of stock building, combined with below normal temperatures led to the price pull back.



The 1st - 4th month forward price curve trended lower last week, ending in a carry, at a level near last year.

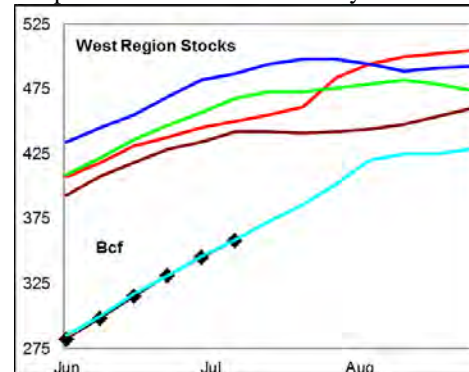


East Region stocks increased +65 Bcf for the week, a record build for the period. *The current stock level is -18% below last year, and below the 5-yr range.*



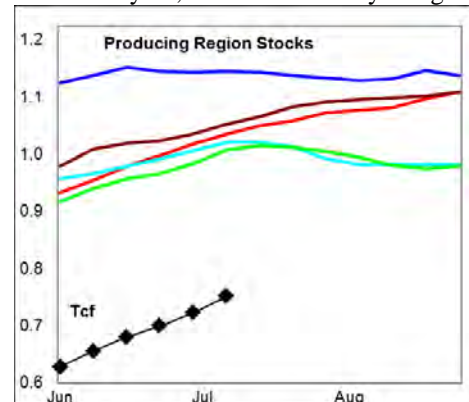
Temperatures were much below normal in the week just ended, with continued below

normal temperatures this week, followed by a forecast of much above normal temperatures for the next 10-days.



West Region stocks increased +13 Bcf last week, matching the previous record for the period. Stock levels ended the week -20% below last year, while matching prior 5-yr lows. Temperatures are forecast to be well above normal for the next 10-days.

Producing Region stocks increased +29 Bcf for the week, a record build for the period. Stock levels ended the week -28% below last year, and below the 5-yr range.



Temperatures are forecast to be 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: Last week's very cool temperatures and continued cool temperatures across much of the country this week, combined with a record rate of stock building for the prior 2 1/2 months has led to a sharp drop in wholesale prices.

The record rate of stock builds is likely to continue even on a return to above average temperatures, so that in the absence of hurricane disruptions, should lead to continued weak prices during the summer quarter.

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: July 17, 2014

For the week ending: 11-Jul-14

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

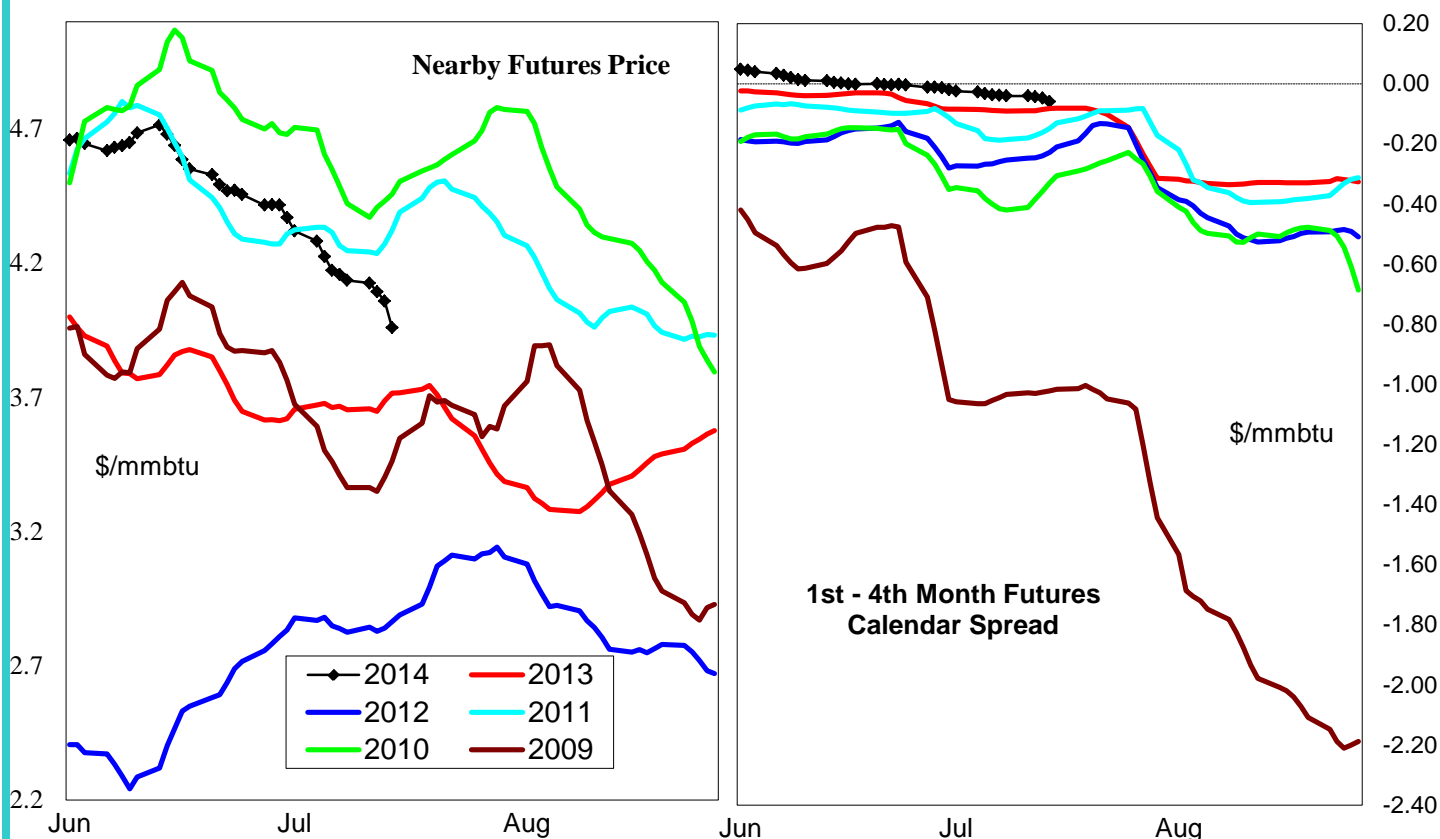
Week ending:	11-Jul-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,129	107	-22.2	-14	-45%	-2	-33%	-3	-77%
East	1,044	65	-18.2	-17	-39%	-2	-18%	-4	-74%
West	358	13	-20.4	-12	-58%	-2	-55%	-5	-78%
Producing	727	29	-28.1	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

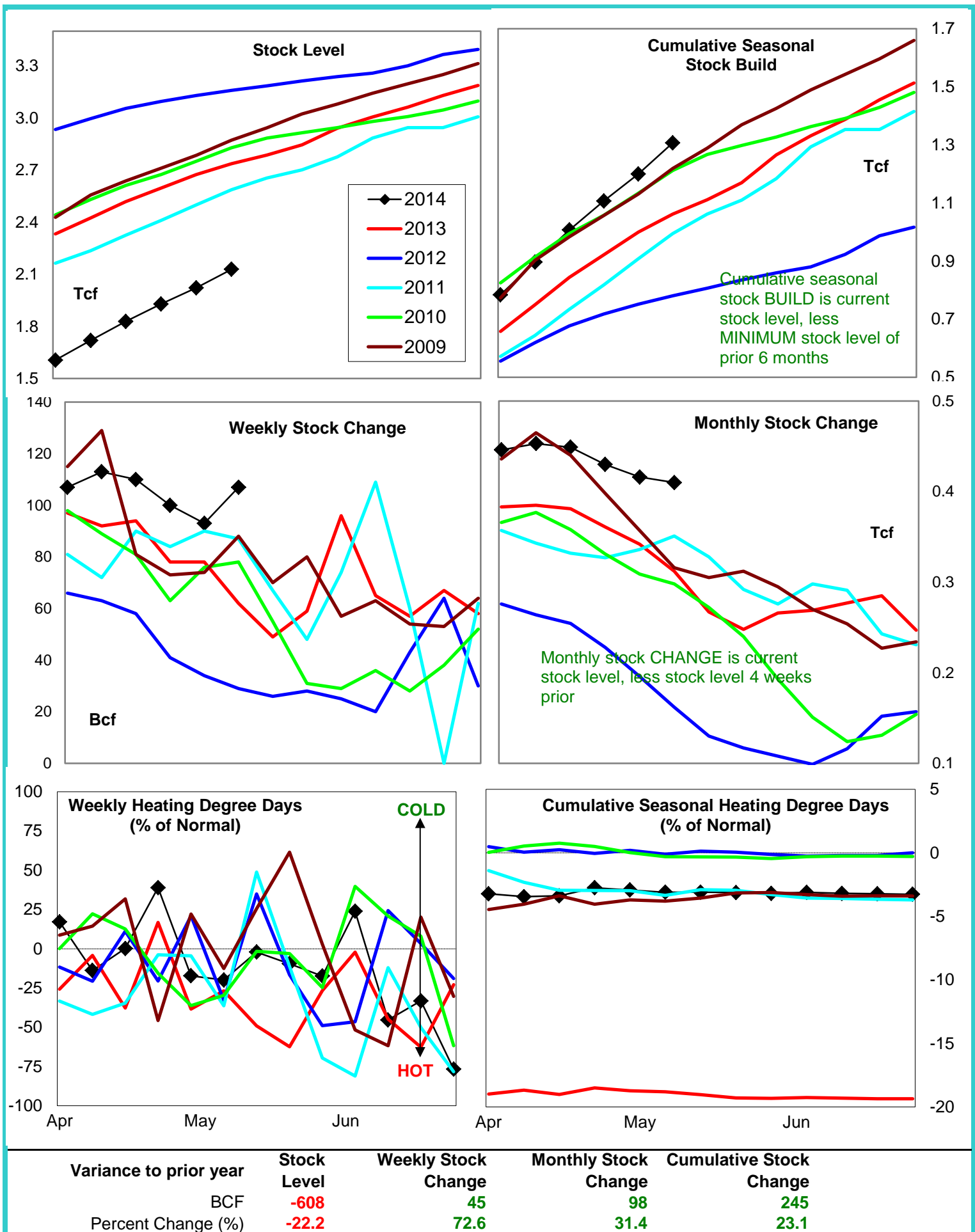
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,307	245	18.7	6	-3.2	4	-3.2	1	-3.3
East	739	111	15.0	6	-2.9	4	-2.9	1	-2.9
West	198	79	39.9	10	-4.6	8	-4.7	3	-4.9
Producing	375	55	14.7	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

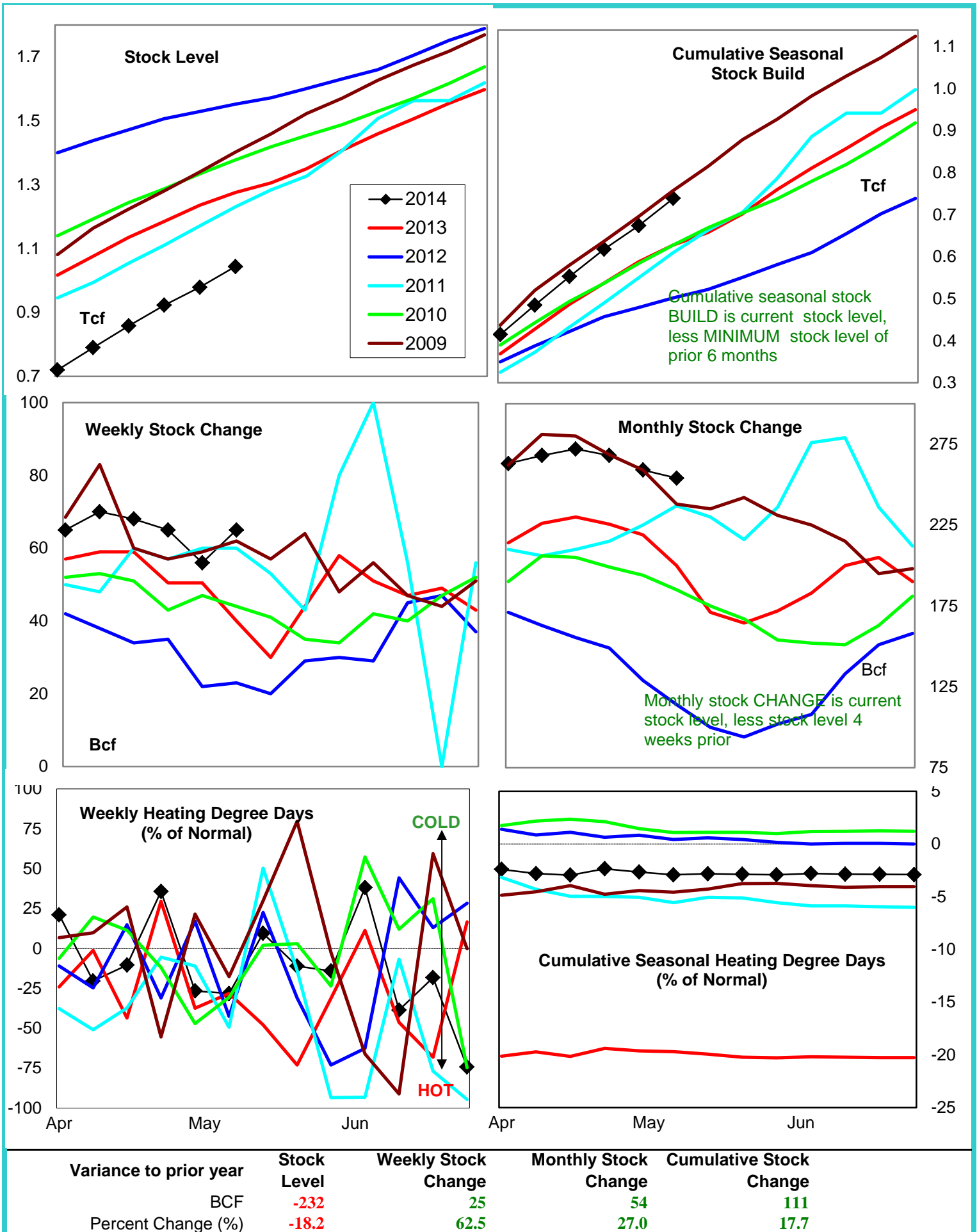
Date:	29-Aug-14	Change vs prior week, month, year		
		25-Aug-14	4-Aug-14	9-Sep-13
1st month Futures	3.96	-0.19	-0.57	0.51
% change	xxxxx	-4.5	-12.6	14.9



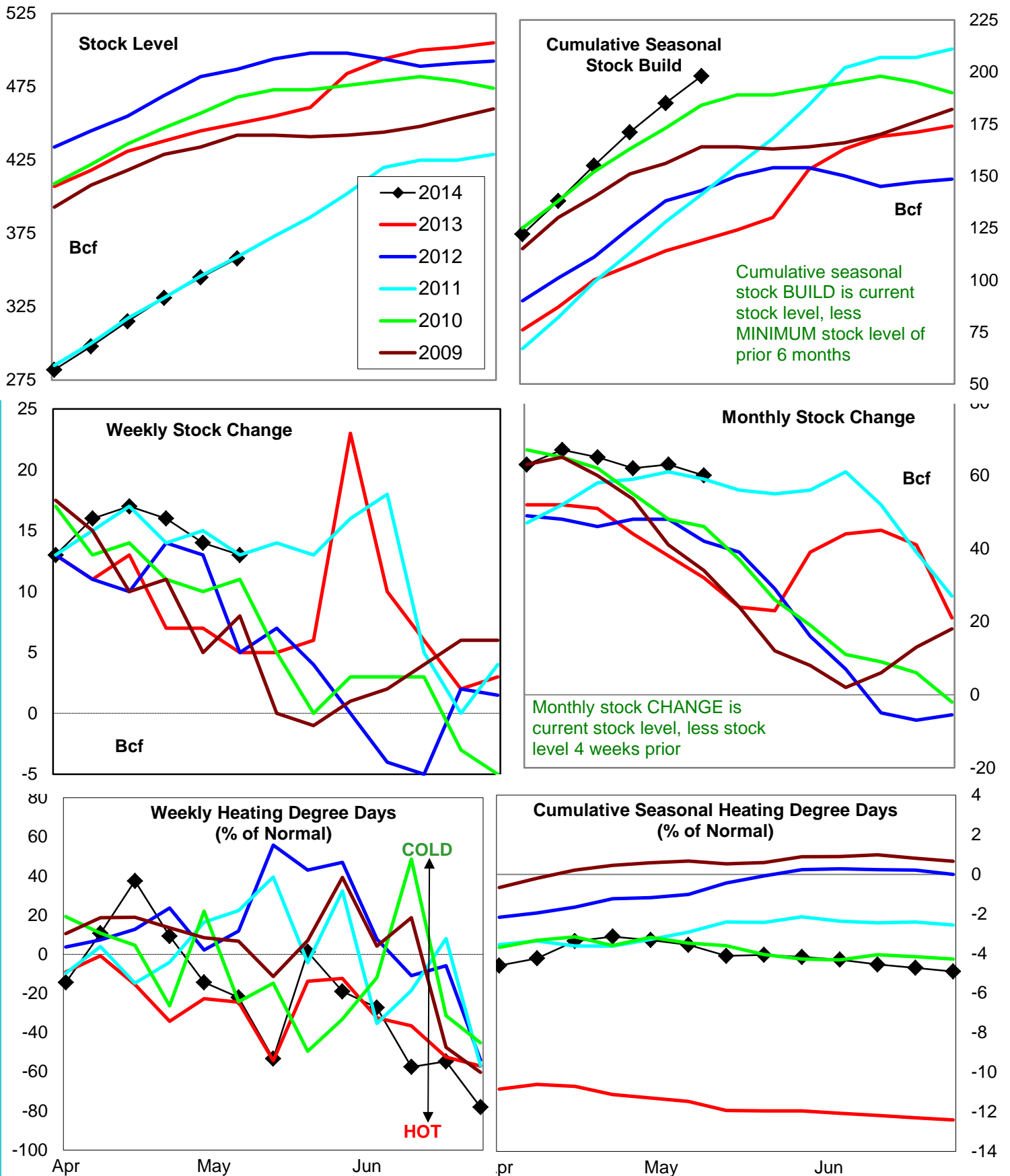
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



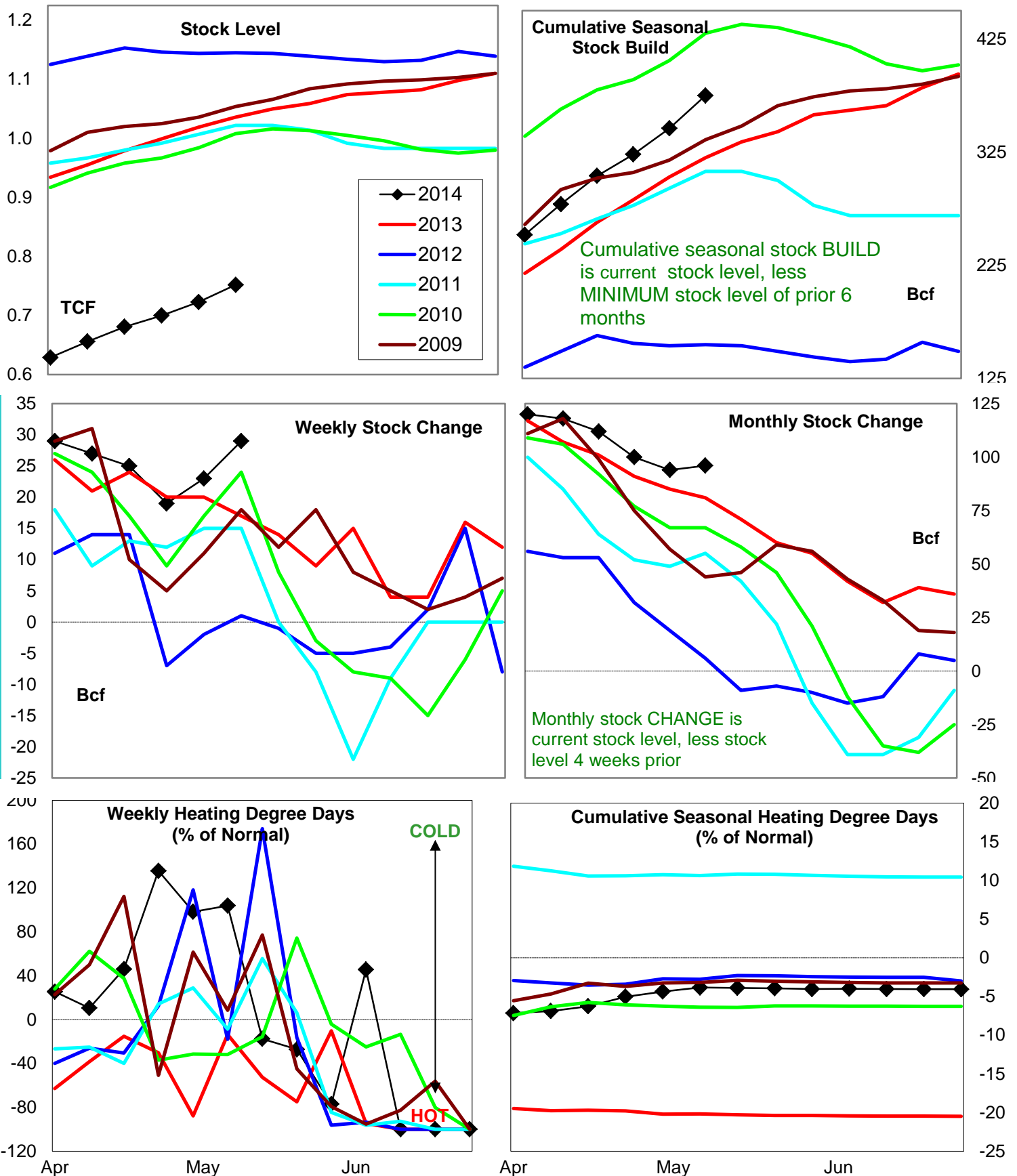
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-92
-20.48
160.028
87.579
66.4

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

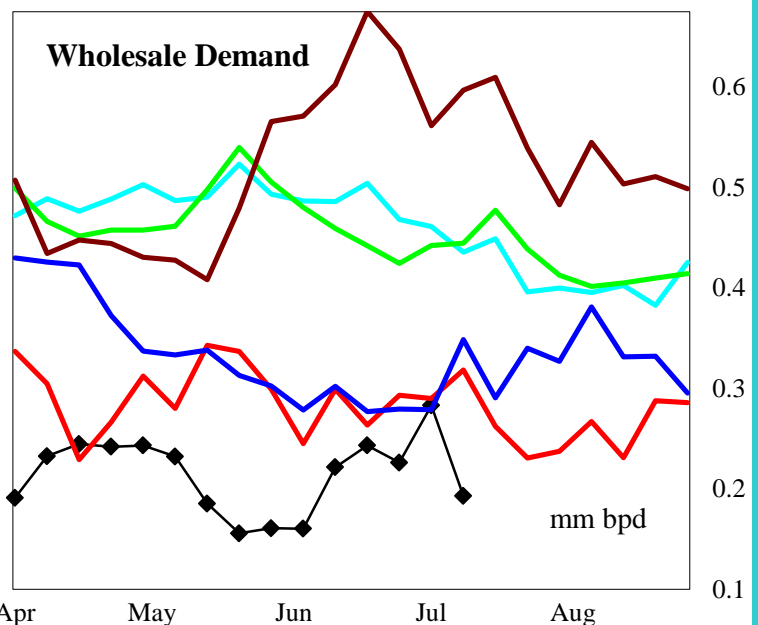
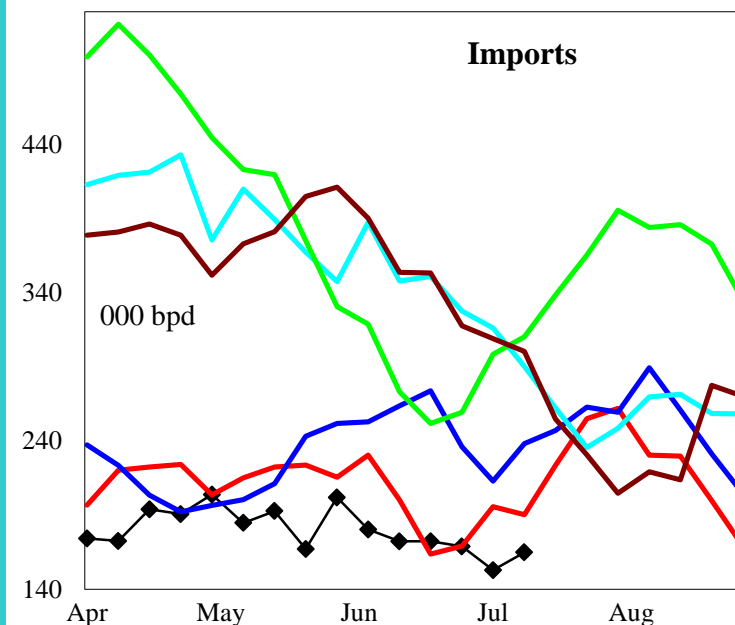
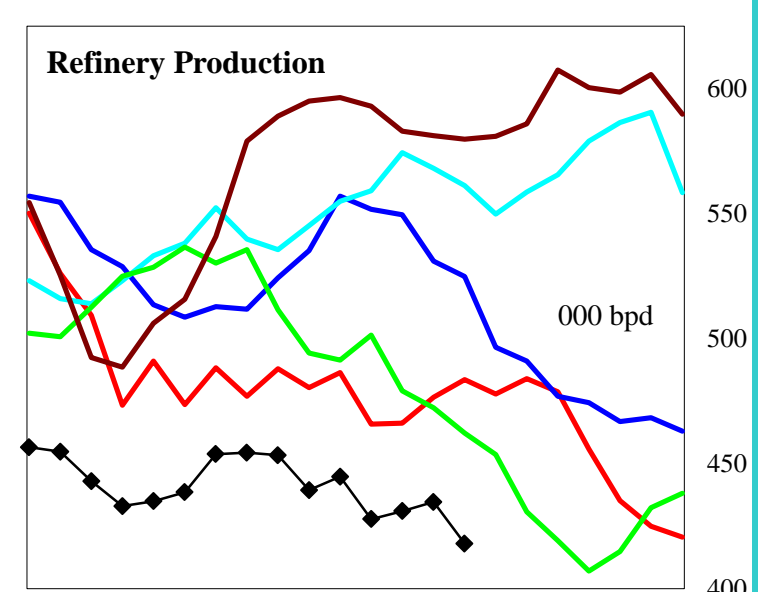
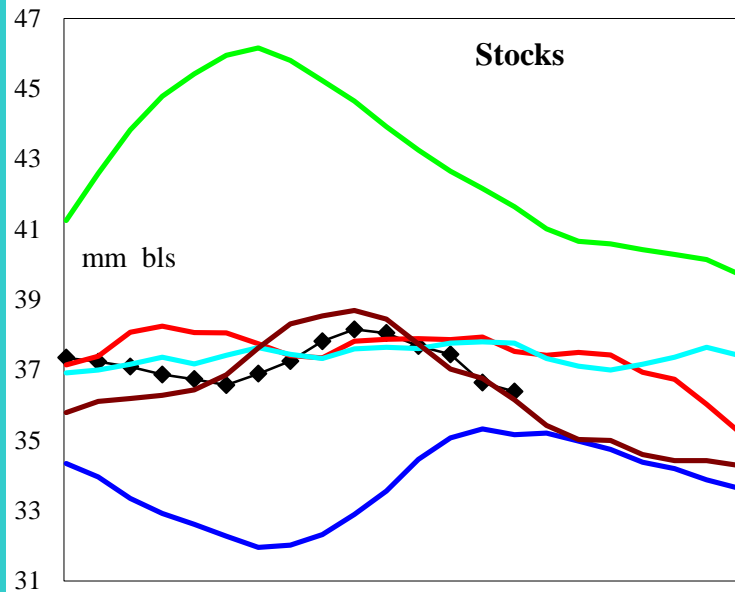
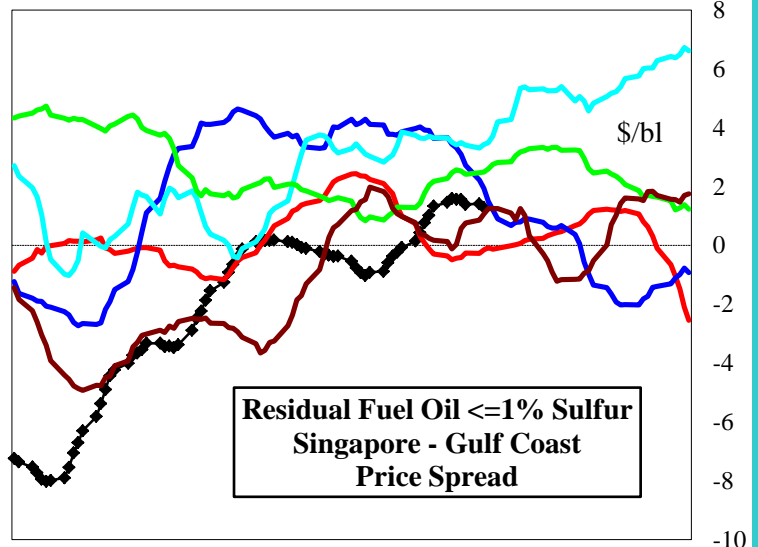
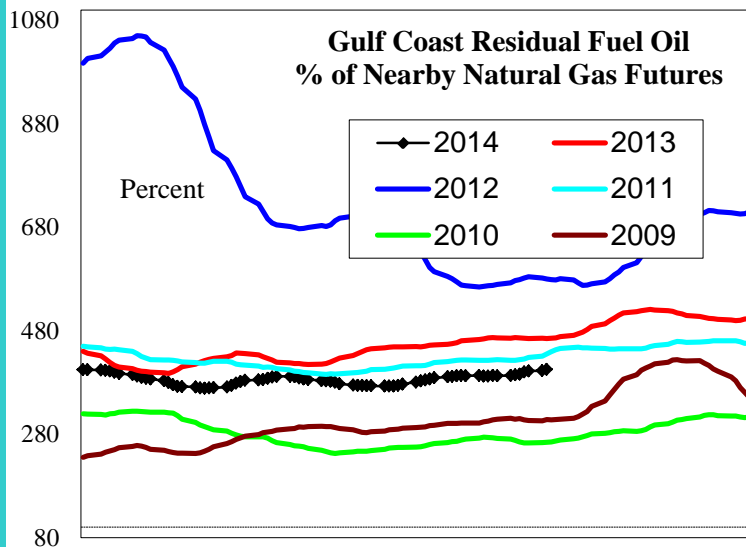
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-284
-28.112
70.615
18.555
17.2

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Prod

Imports

Demd=>

4wk avg

Jun

Jan

Apr

-950

-45

-29

-77

-50

-70

7

-2.5

-9.6

-16.6

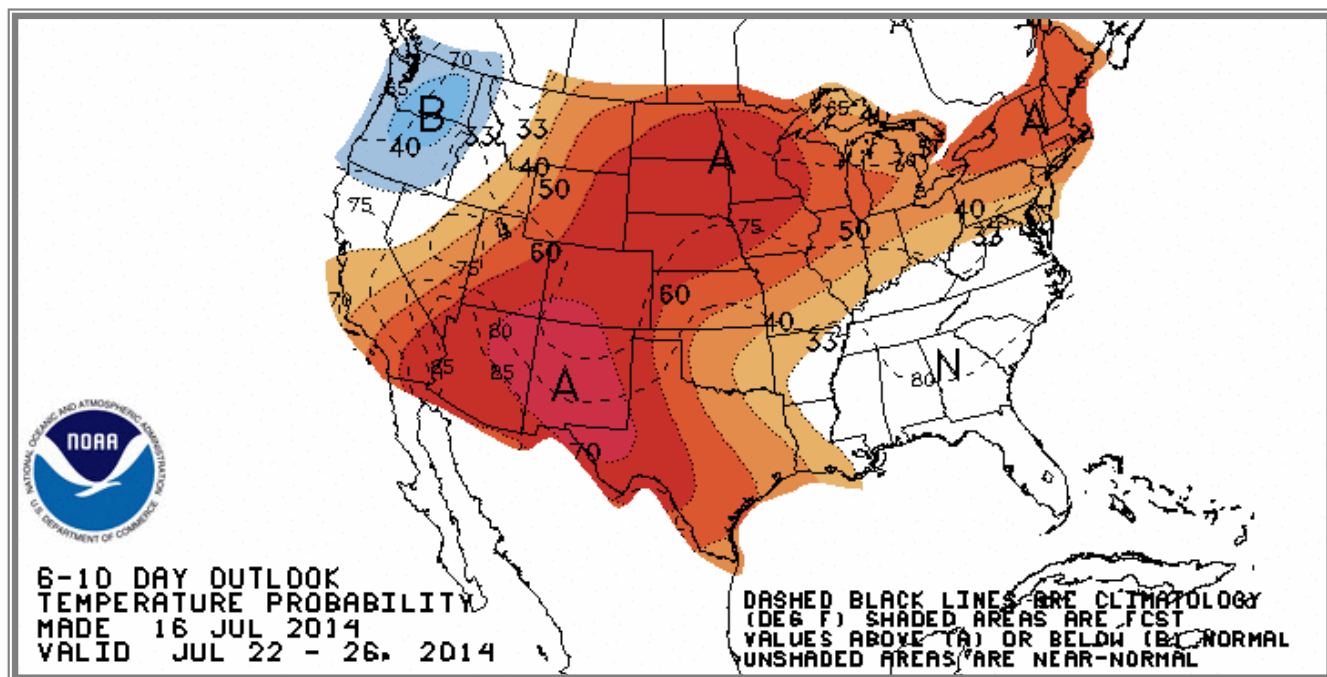
-22.2

-16.5

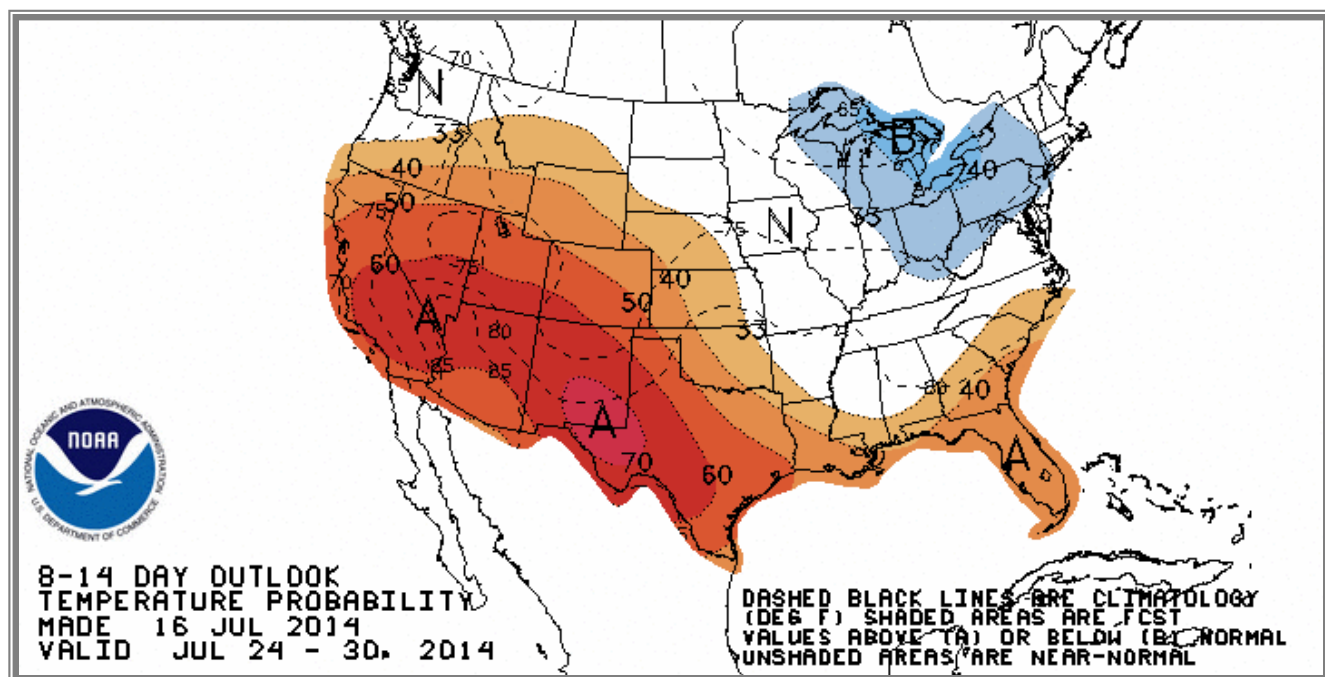
-32.6

2.5

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

