

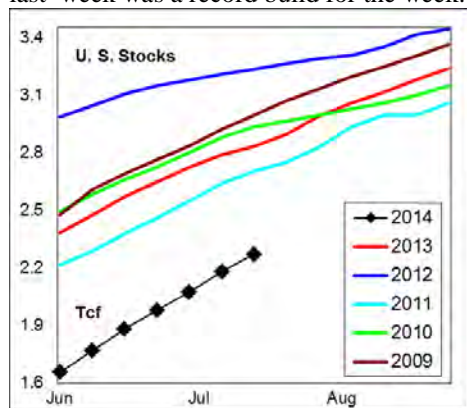
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

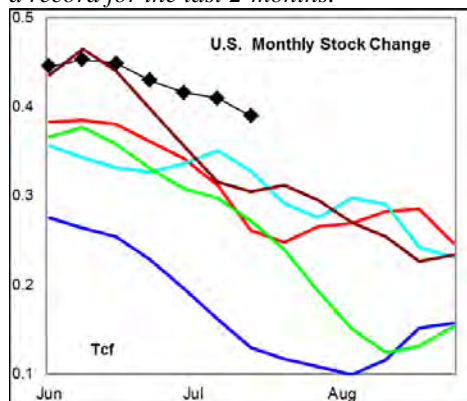
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 24, 2014



Summary¹ The stock build of +90 Bcf last week was a record build for the week.



The latest 4-wk stock change was a build of +390 Bcf, a record rate of build for the month. *The monthly rate of build has been a record for the last 2-months.*



In the East Region stocks increased +56 Bcf for the week, matching the 5-yr high. Stocks increased +11 Bcf in the West Region, just below the historic high for the week. Stocks increased +23 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.

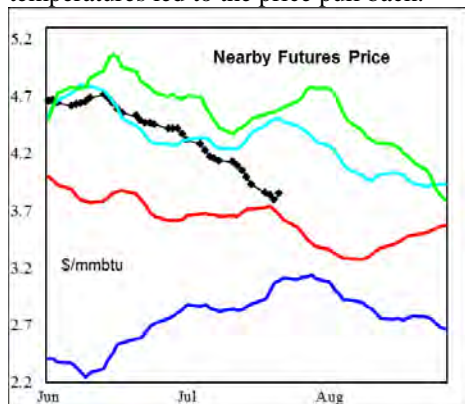
Temperatures were much above normal across most of the country for the week ending 18Jul14.

The 6-10 day NWS forecast for the week ending 02Aug14 is for sharply below normal temperatures across the eastern

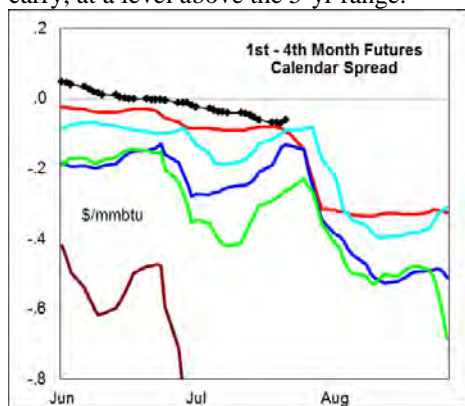
2/3rds of the country, with much above normal temperatures in the West.

The 8-14 day NWS forecast for the week ending 06Aug14 is for below normal temperatures in the eastern 2/3rds of the country and above normal in the West.

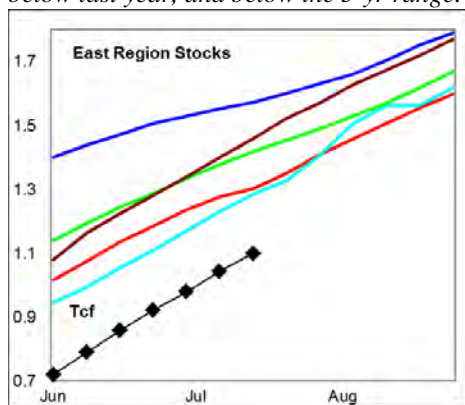
Prices: Nearby gas futures declined - \$0.10/mmbtu for the week ending 24Jul14. An extended period of record rates of stock building, combined with below normal temperatures led to the price pull back.



The 1st - 4th month forward price curve traded sideways last week, ending in a carry, at a level above the 5-yr range.

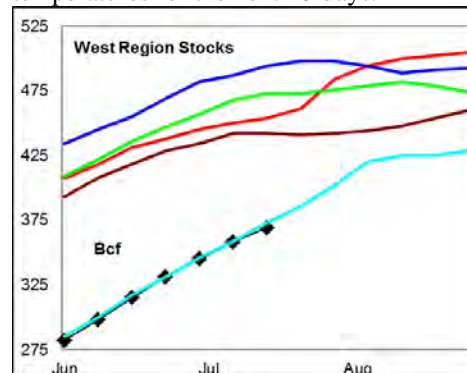


East Region stocks increased +56 Bcf for the week, matching the 5-yr high for the period. *The current stock level is -16% below last year, and below the 5-yr range.*



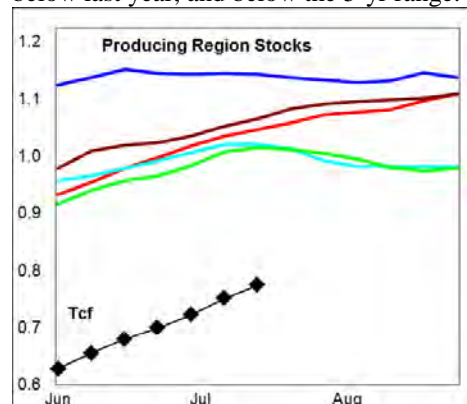
Temperatures were near normal in the

week just ended, with continued near normal temperatures this week, followed by a forecast of much below normal temperatures for the next 10-days.



West Region stocks increased +11 Bcf last week, just below the historic high. Stock levels ended the week -19% 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 +23 Bcf for the week, a record build for the period. Stock levels ended the week -27% below last year, and below the 5-yr range.



Temperatures are forecast to be much below 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: A return to near normal temperatures last week limited the stock build. However, with a forecast of return to much below normal temperatures in the eastern 2/3rds of the country for the next 10-days, there is risk prices with continue the downtrend.

Possible hurricane disruptions during the next quarter, in the Gulf, represents an upside price risk.

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 24, 2014

For the week ending: 18-Jul-14

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

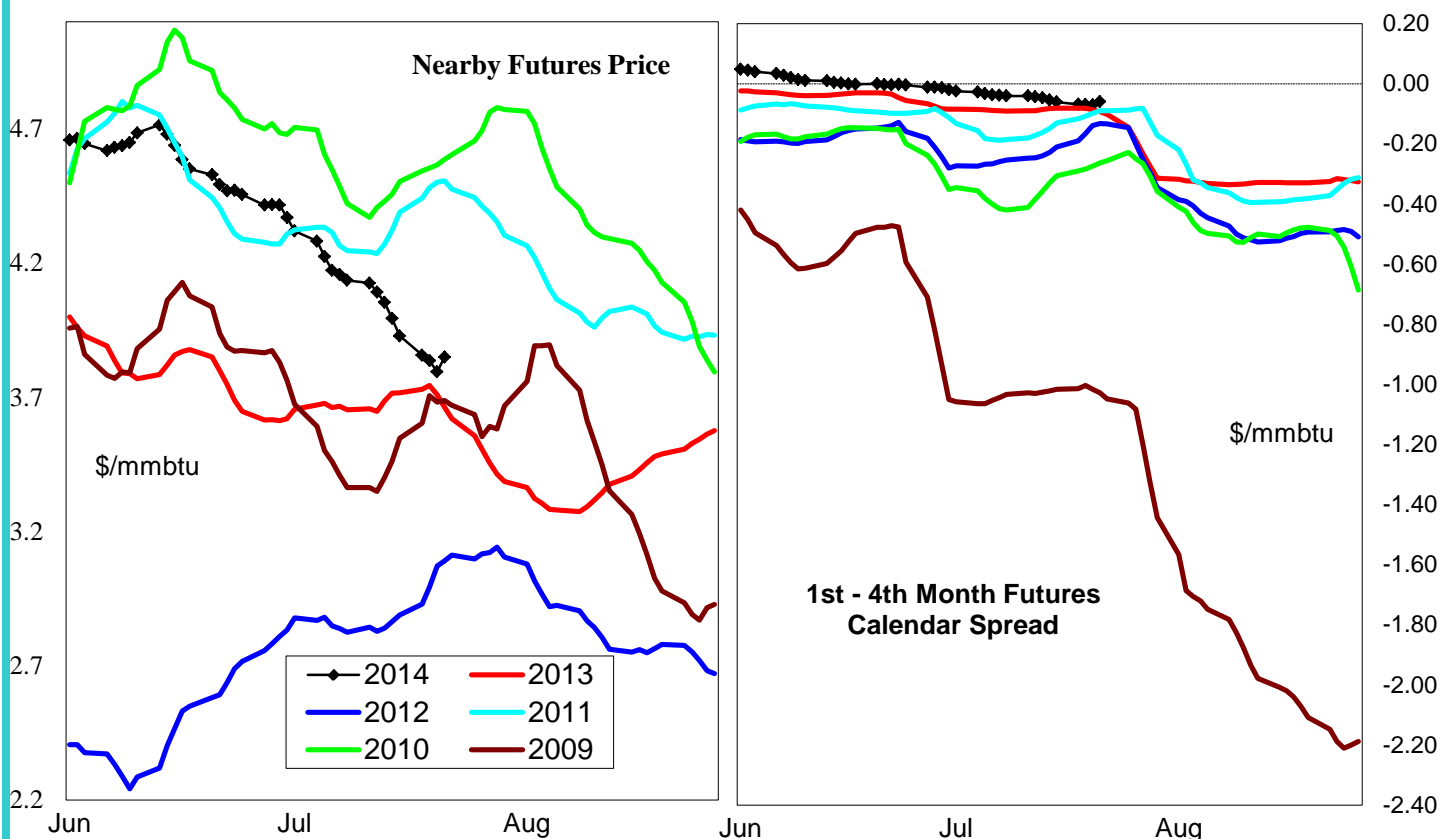
Week ending:	18-Jul-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,219	90	-20.2	-14	-45%	-2	-33%	-3	-77%
East	1,100	56	-15.5	-17	-39%	-2	-18%	-4	-74%
West	369	11	-18.7	-12	-58%	-2	-55%	-5	-78%
Producing	750	23	-26.7	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

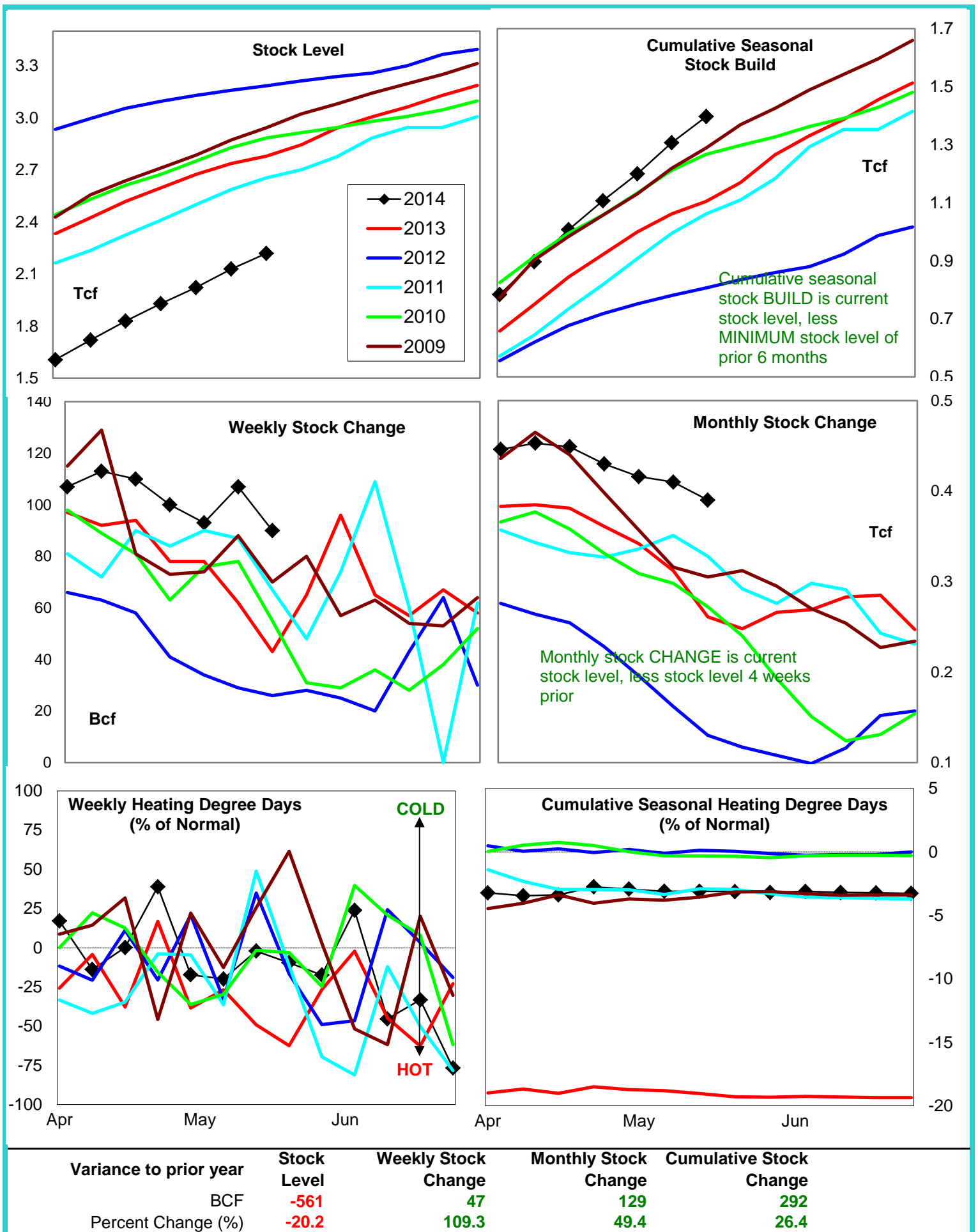
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,397	292	20.9	6	-3.2	4	-3.2	1	-3.3
East	795	141	17.7	6	-2.9	4	-2.9	1	-2.9
West	209	86	41.1	10	-4.6	8	-4.7	3	-4.9
Producing	398	66	16.6	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

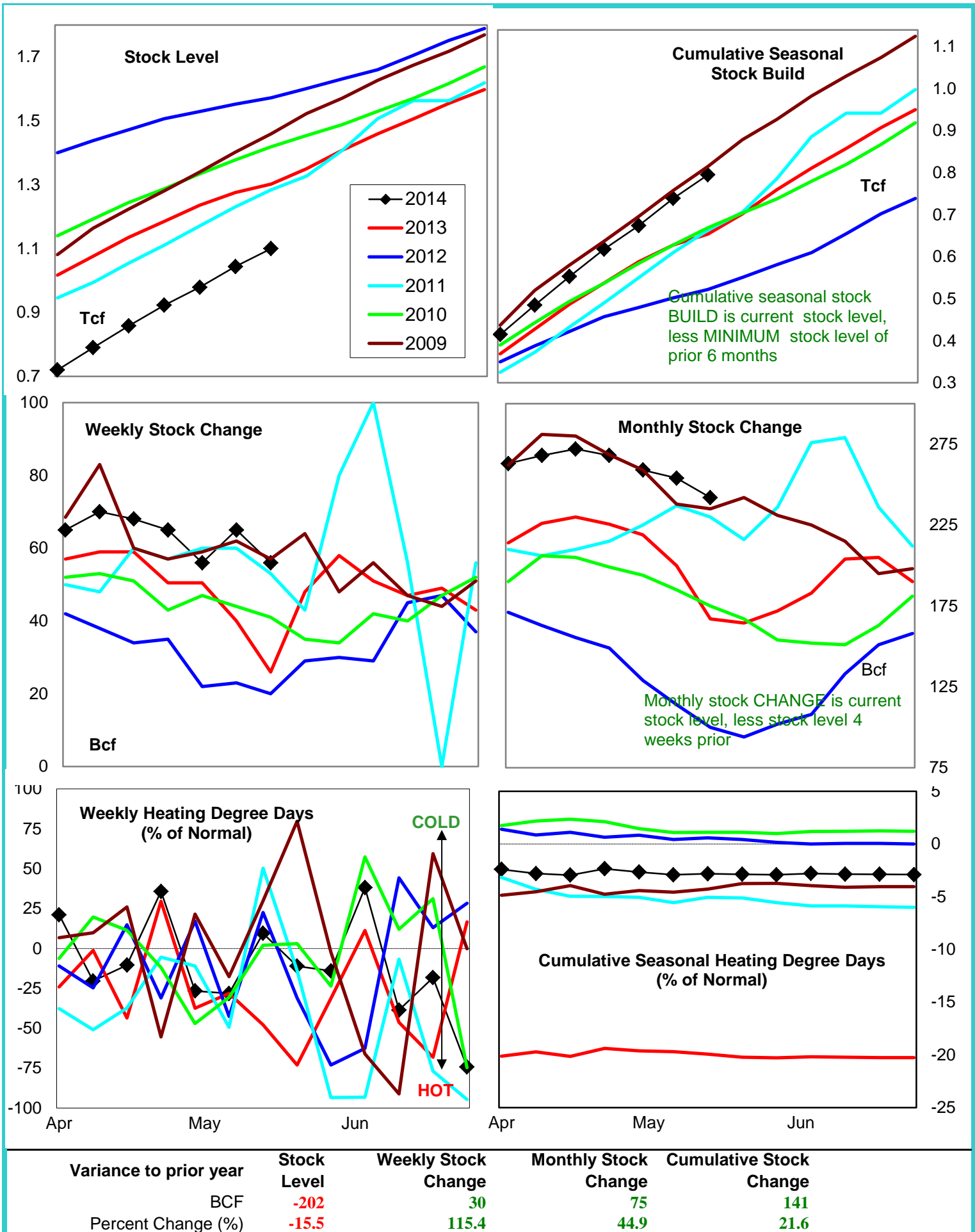
Date:	29-Aug-14	Change vs prior week, month, year		
		25-Aug-14	4-Aug-14	9-Sep-13
1st month Futures	3.85	-0.10	-0.56	0.60
% change	xxxxx	-2.6	-12.7	18.6



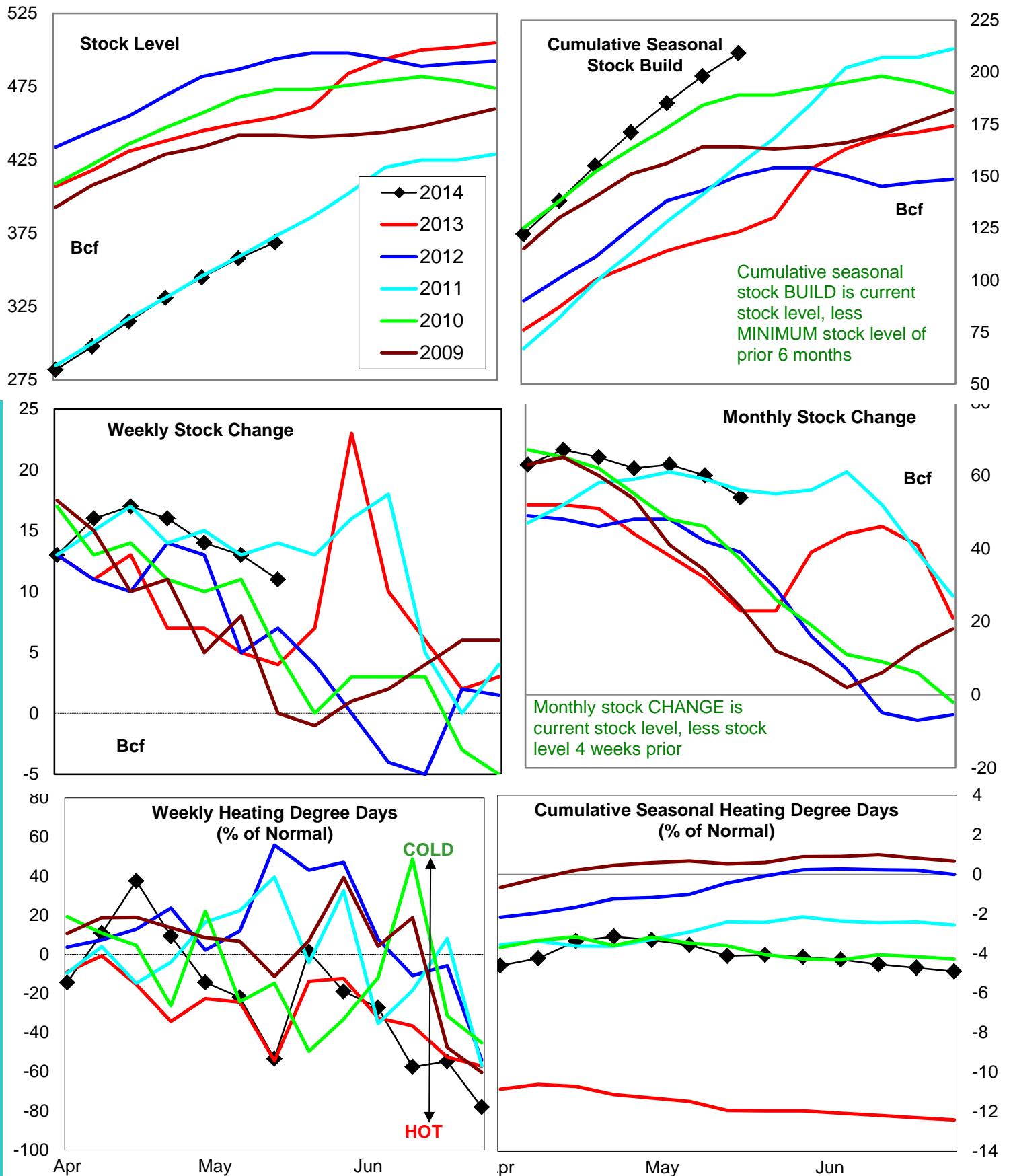
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-85

7

31

86

Percent Change (%)

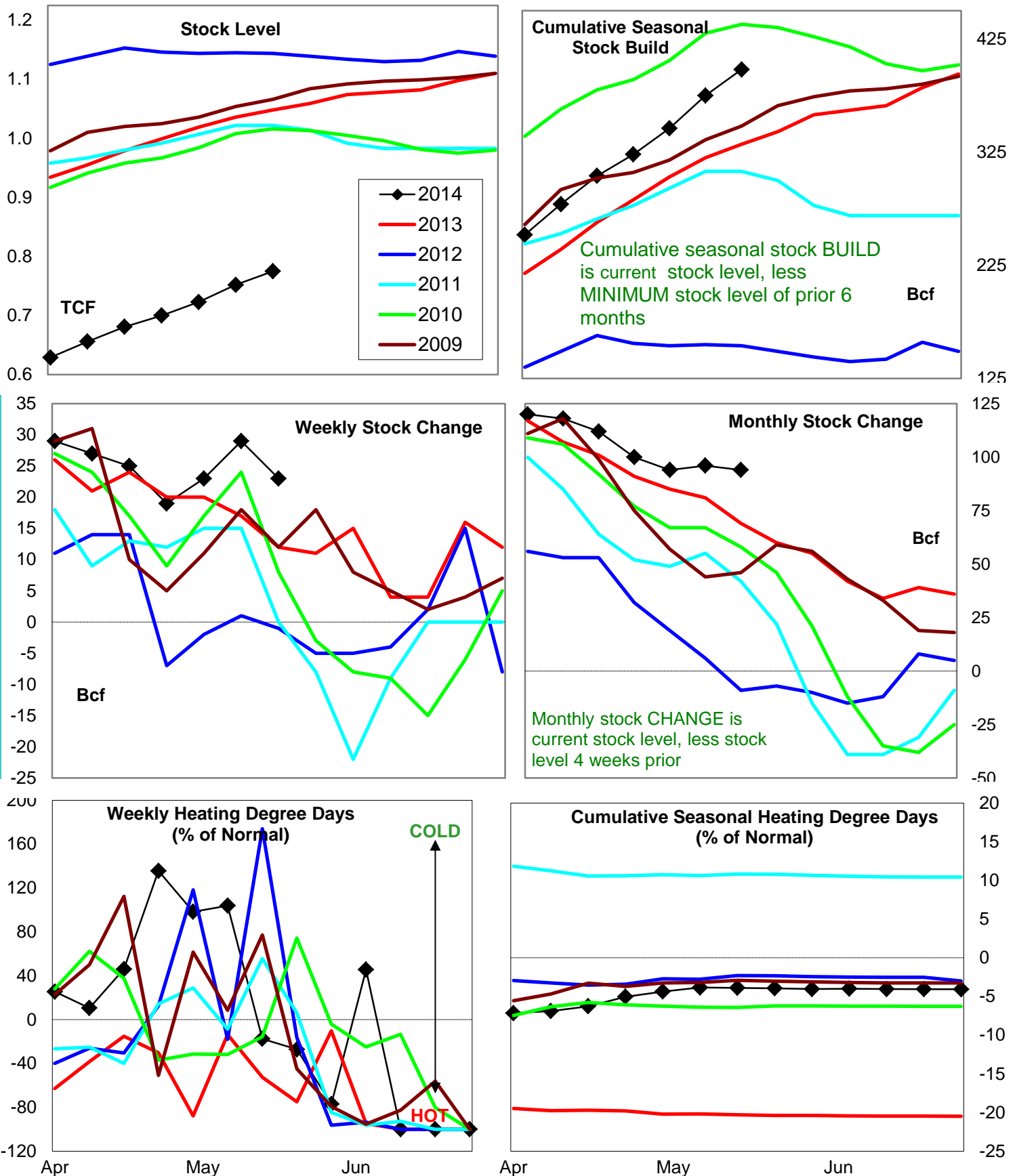
-18.7

175.0

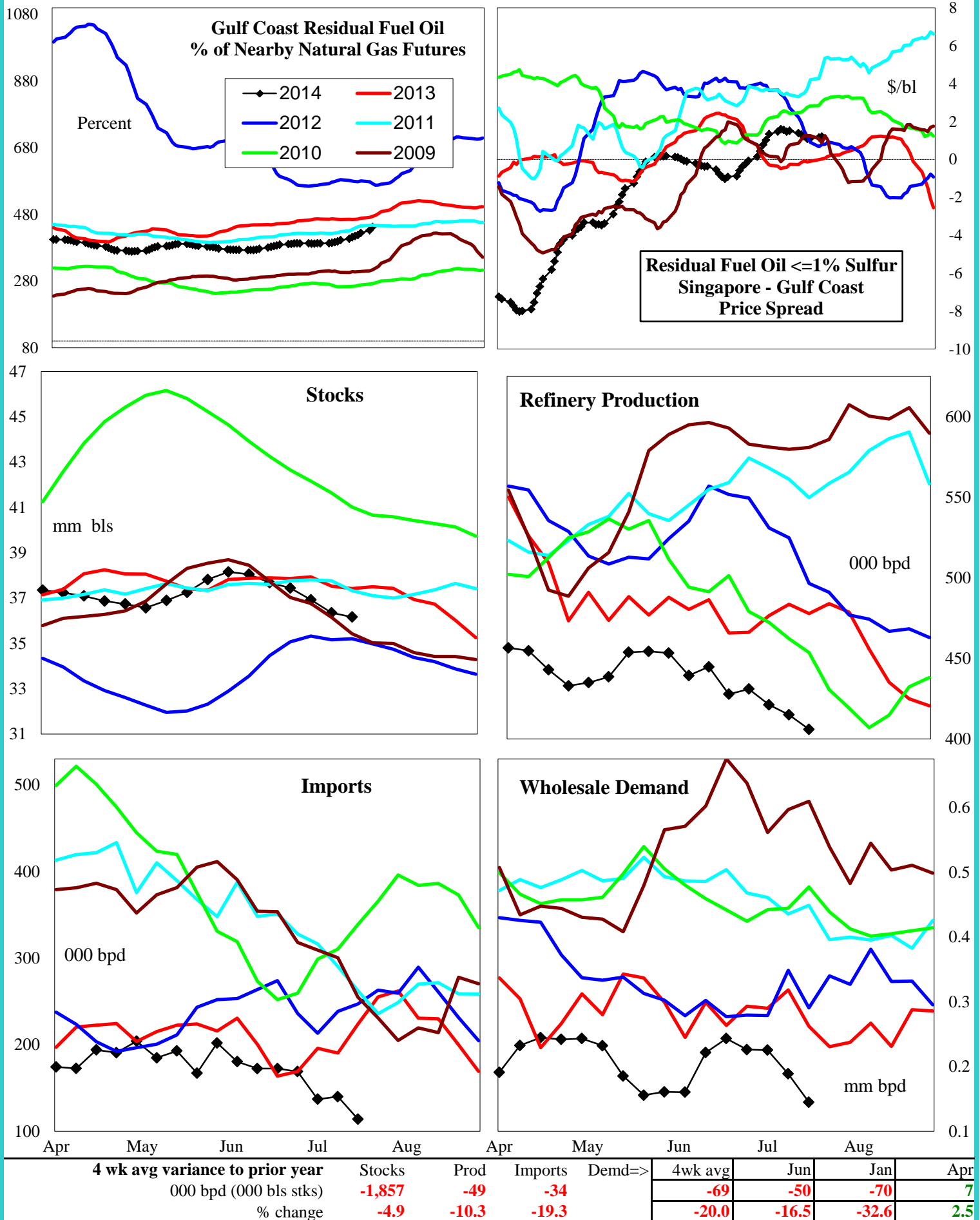
134.8

69.9

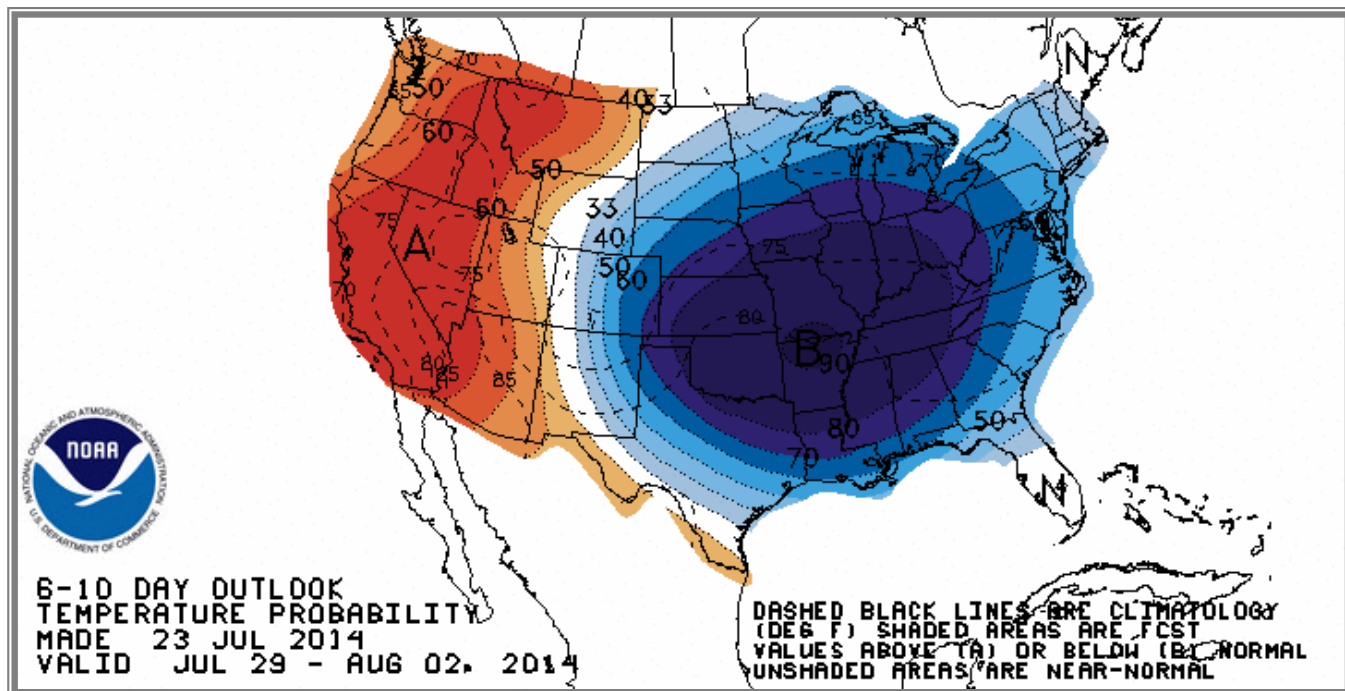
Natural Gas Producing Region Stock and Weather Trends



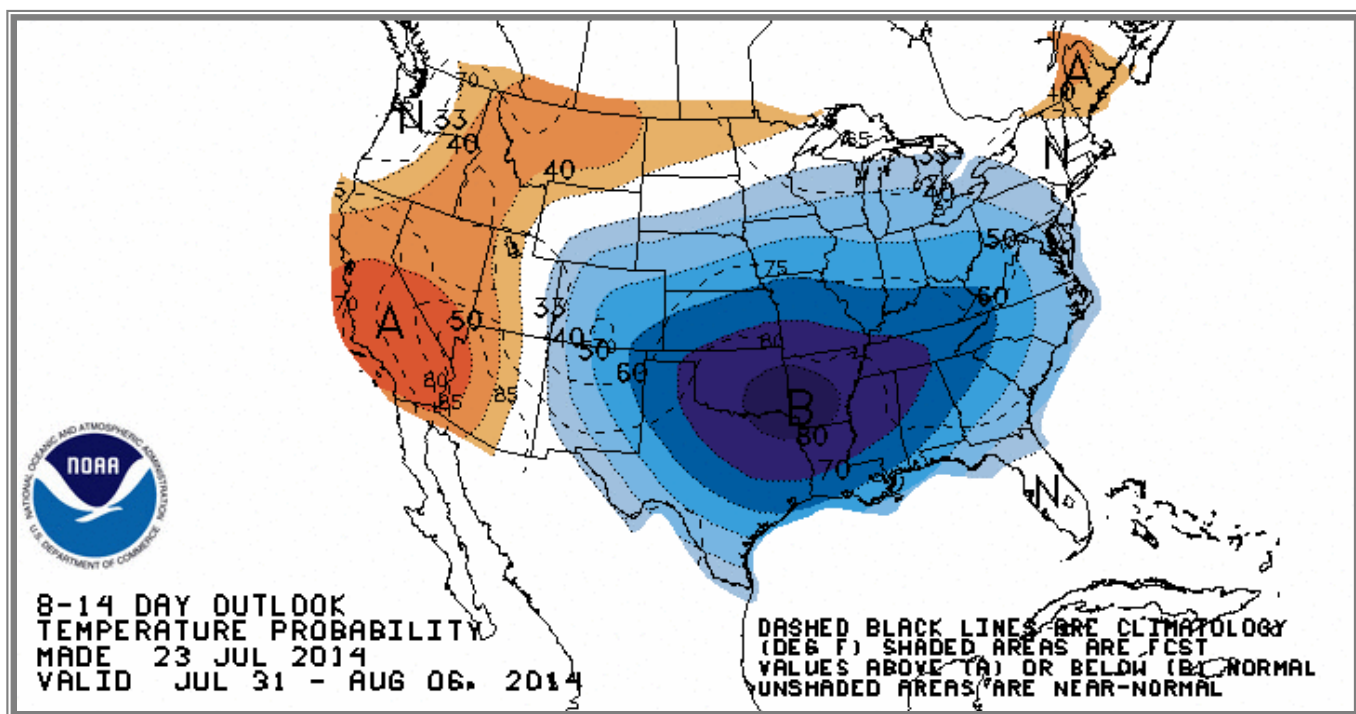
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

