

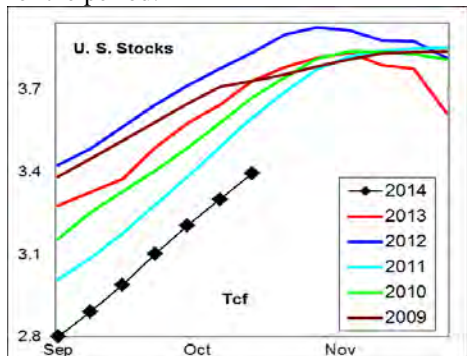
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

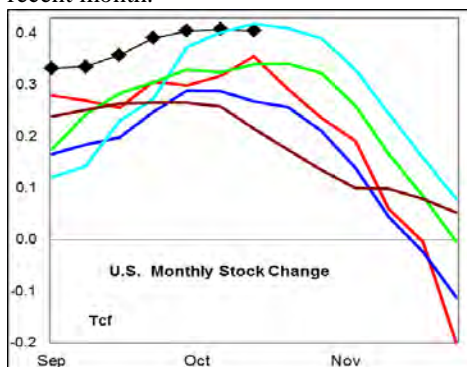
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, October 27, 2014



Summary ¹ The stock build of +94 Bcf last week was above the 3-yr mid range for the period.



The latest 4-wk stock change was a build of +405 Bcf, matched the 5-yr record build for the period. The rate of stock build has exceeded a year ago by +14% for the most recent month.



In the East Region stocks increased +47 Bcf for the week, a level equal to the 3-yr mid range. Stocks increased +8 Bcf last week in the West Region, a level comparable to the 3-yr mid range. Stocks increased +39 Bcf on the week in the Producing region, a level that matched the historic high for the season.

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

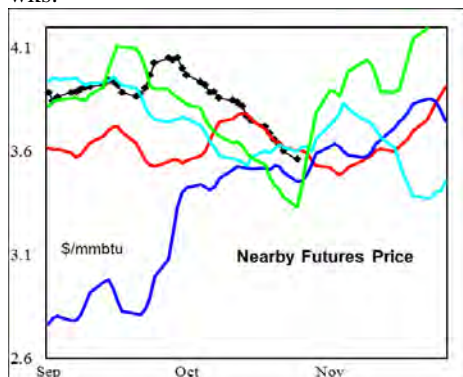
Temperatures were much above normal across most of the country for the week ending 17Oct14.

The 6-10 day NWS forecast for the week ending 05Nov14 is for much above normal temperatures in the western 3/4ths

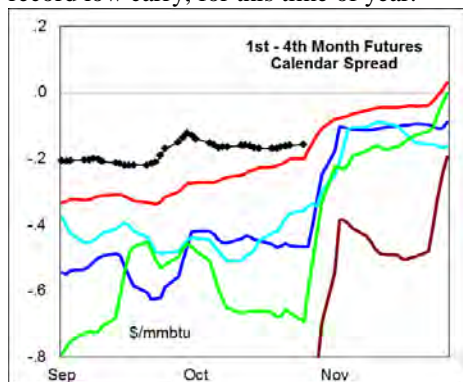
of the country and below normal on the East Coast.

The 8-14 day NWS forecast for the week ending 09Nov14 is for much above normal temperatures across nearly the entire country.

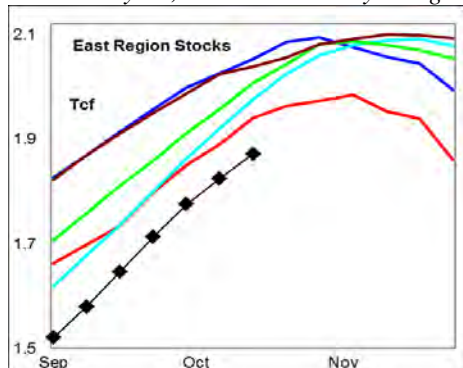
Prices: Nearby gas futures decreased -\$0.11/mmbtu for the week ending 27Oct14. Prices ended the week at a level comparable to the 3-yr mid range. Prices have dropped -55 cpg during the last 5-wks.



The 1st - 4th month forward price curve traded sideways last week, ending in a record low carry, for this time of year.

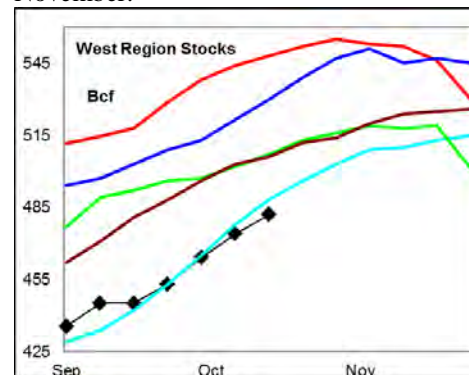


East Region stocks increased +47 Bcf for the week, a build equal to the 3-yr mid range. The current stock level is -3.5% below last year, and below the 5-yr range.



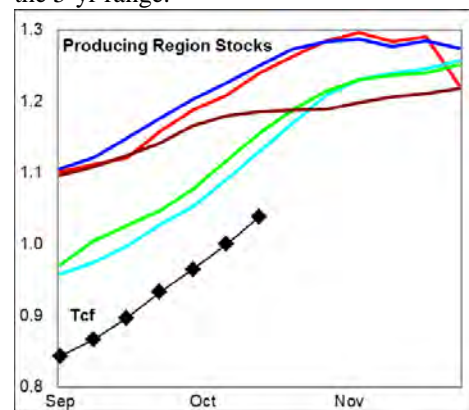
Temperatures were much above normal for the week just ended, with continued above normal temperatures this week, followed

by a forecast of extremely above normal temperatures through the 1st week of November.



West Region stocks increased +8 Bcf last week, a build comparable to the 3-yr mid range. Stock levels ended the week -12% below last year, and below the 5-yr range. Temperatures are forecast to be much above normal through the 1st week of November in this region.

Producing Region stocks increased +39 Bcf for the week, a build that matched highs for the season. Stock levels ended the week -16% below last year, and below the 5-yr range.



Temperatures are forecast to much be above normal through the 1st week of November.

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

Outlook: Temperatures are forecast to be significantly above normal during the next 2-wks in all major heating markets - delaying start of the heating season.

Stocks have been building at a rate +14% above last year for the most recent 4-wk period, and near historic highs. Stock levels should reach the low end of the historic range by late November. A bearish price outlook continues on mild temperatures and rapid stock builds.

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: October 27, 2014

For the week ending: 17-Oct-14

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

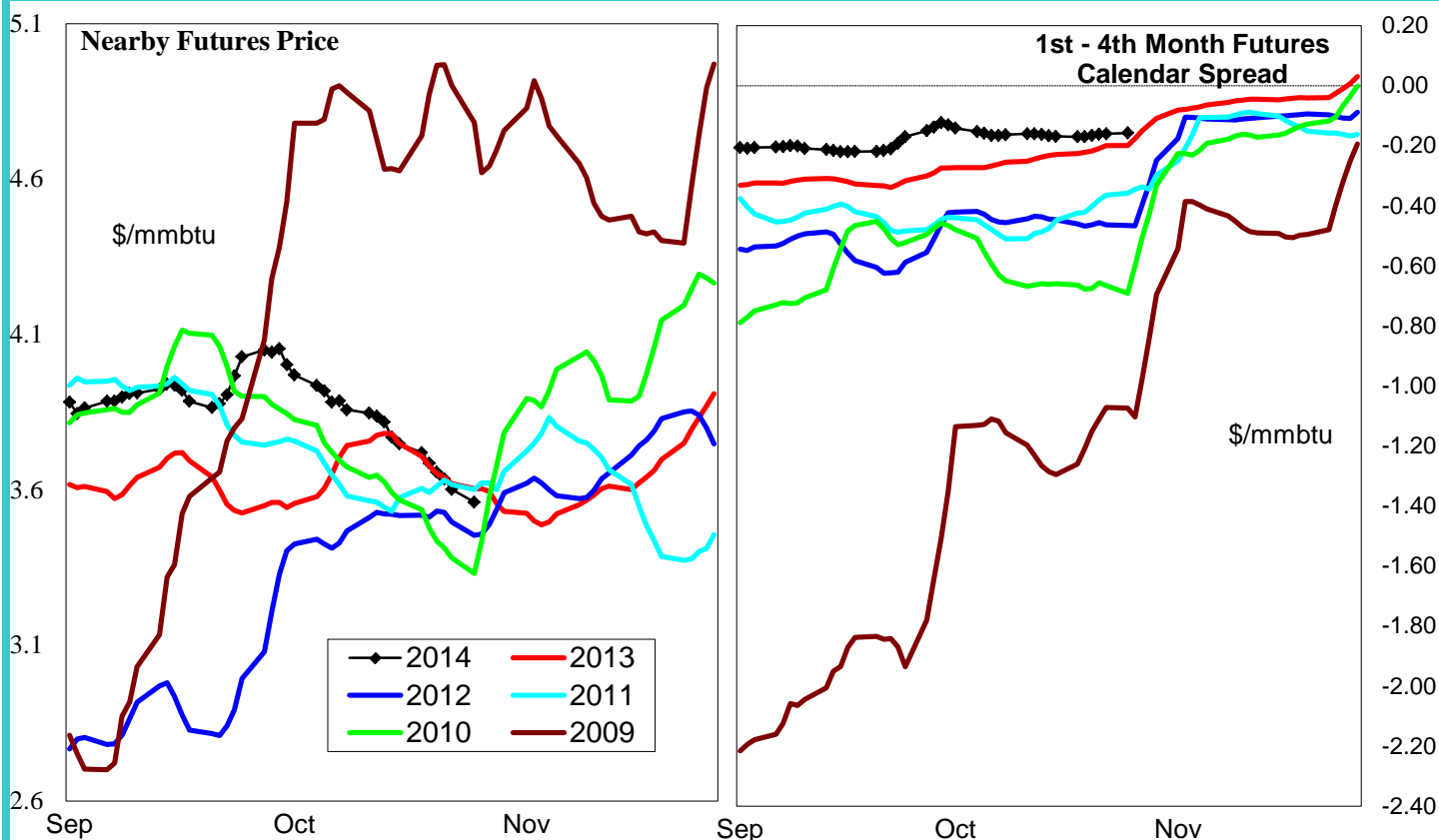
Week ending:	17-Oct-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	3,393	94	-9.0	-14	-45%	-2	-33%	-3	-77%
East	1,872	47	-3.5	-17	-39%	-2	-18%	-4	-74%
West	482	8	-12.0	-12	-58%	-2	-55%	-5	-78%
Producing	1,039	39	-16.2	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

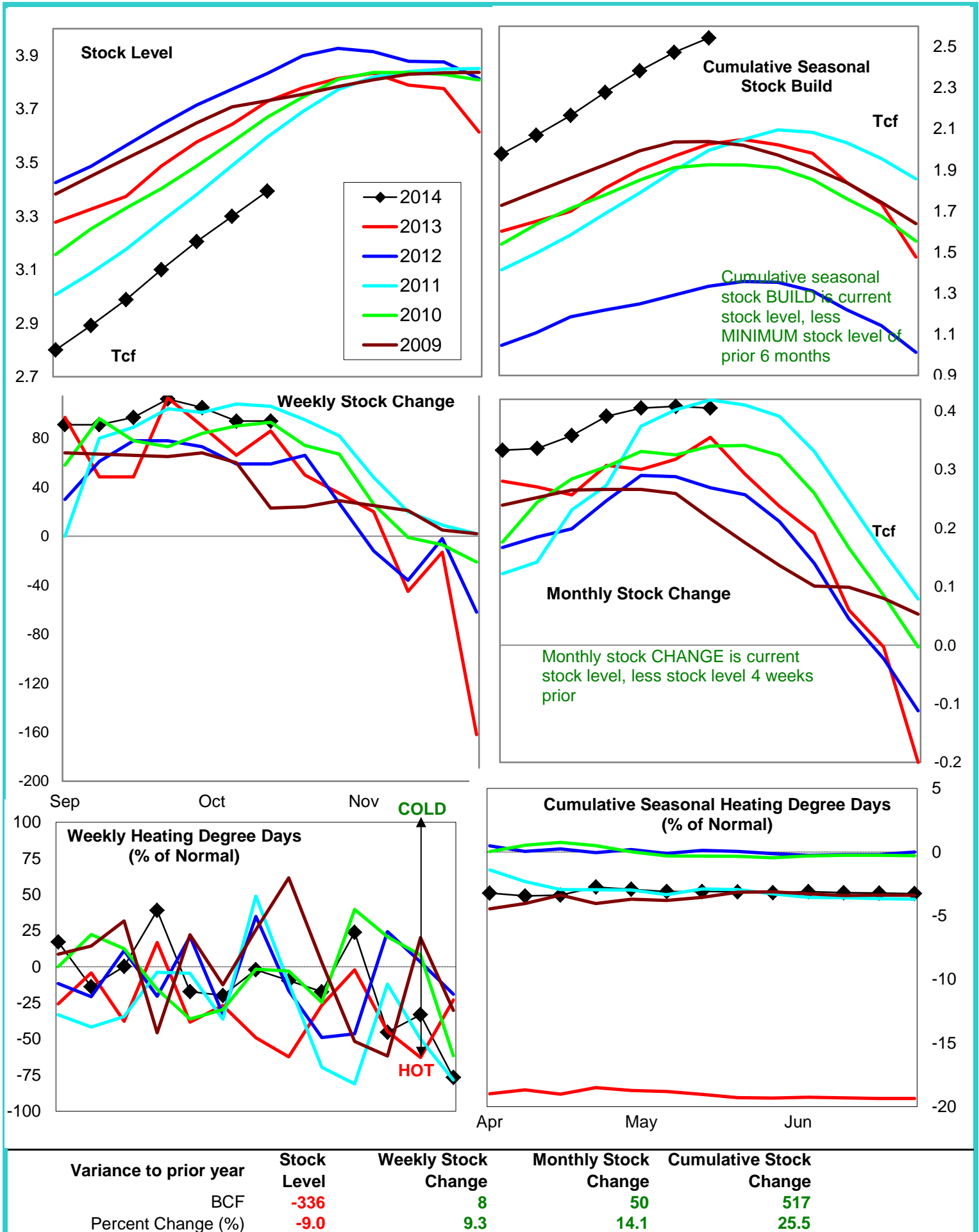
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	2,543	517	20.3	6	-3.2	4	-3.2	1	-3.3
East	1,561	287	18.4	6	-2.9	4	-2.9	1	-2.9
West	314	100	31.8	10	-4.6	8	-4.7	3	-4.9
Producing	668	130	19.4	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

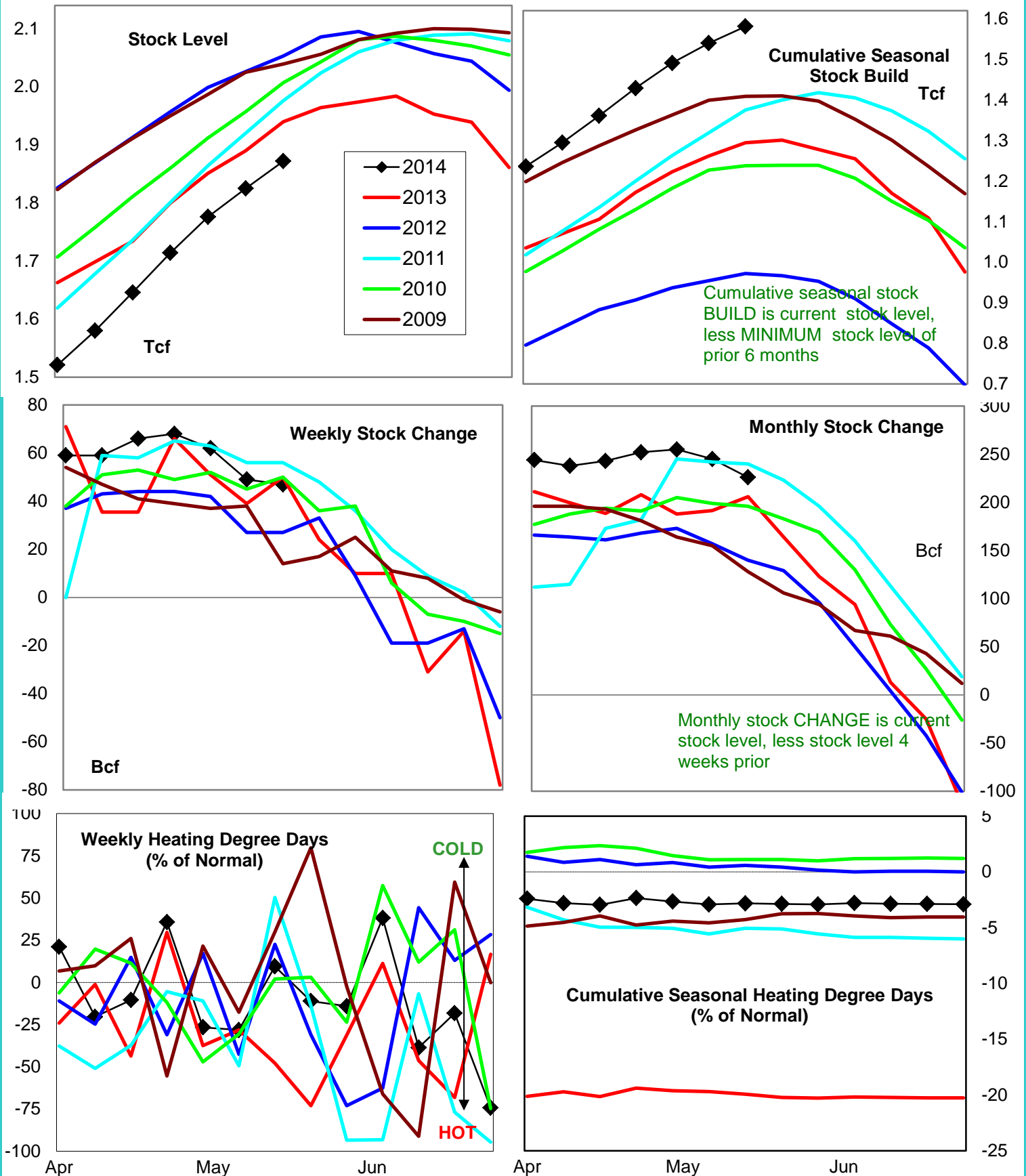
Date:	21-Oct-14	Change vs prior week, month, year		
		15-Oct-14	24-Sep-14	30-Oct-13
1st month Futures	3.56	-0.15	-0.56	0.00
% change	xxxxx	-4.0	-13.6	0.1



United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-68

-3

20

287

Percent Change (%)

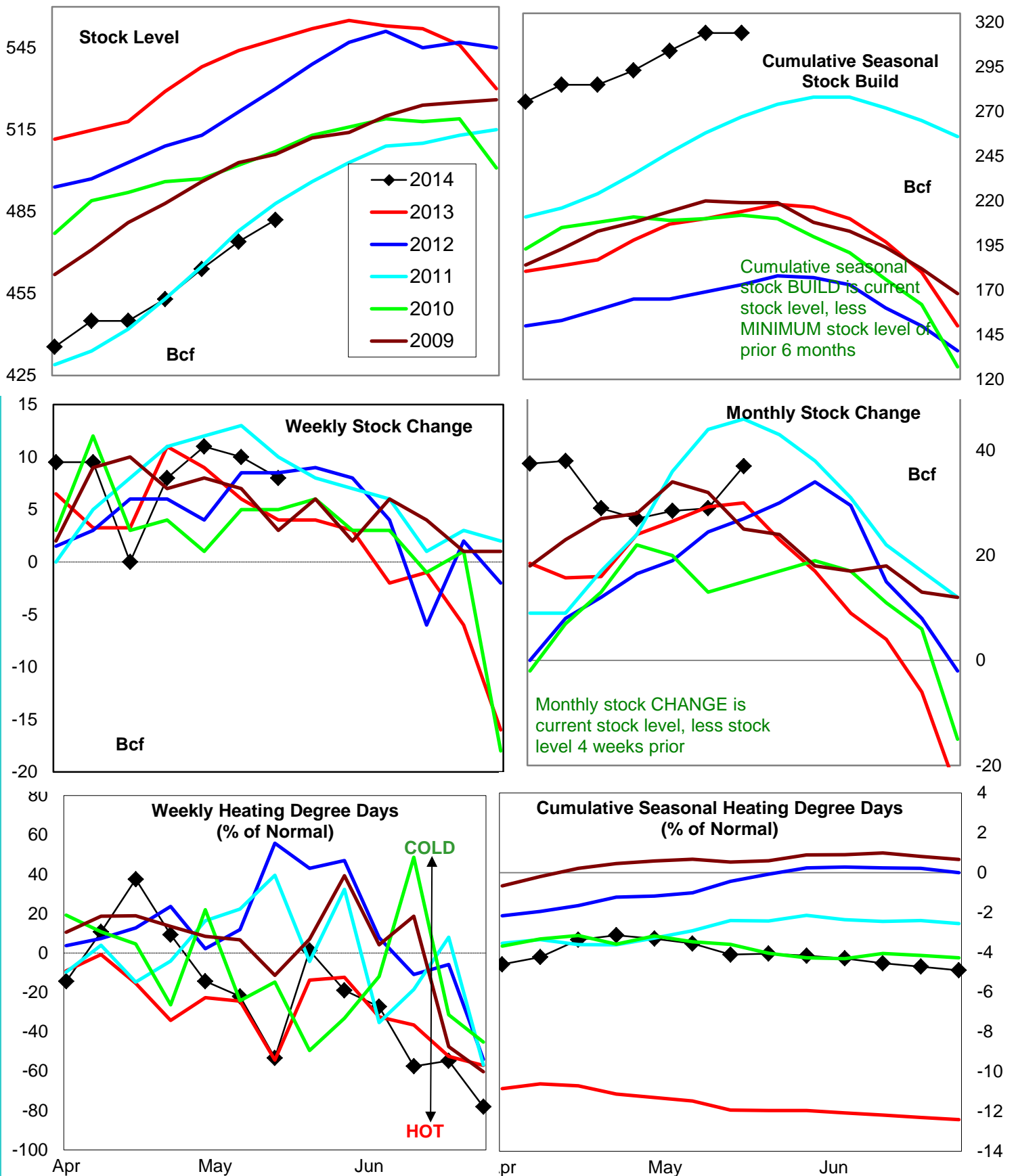
-3.5

-6.0

9.7

22.5

Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-66

4

7

100

Percent Change (%)

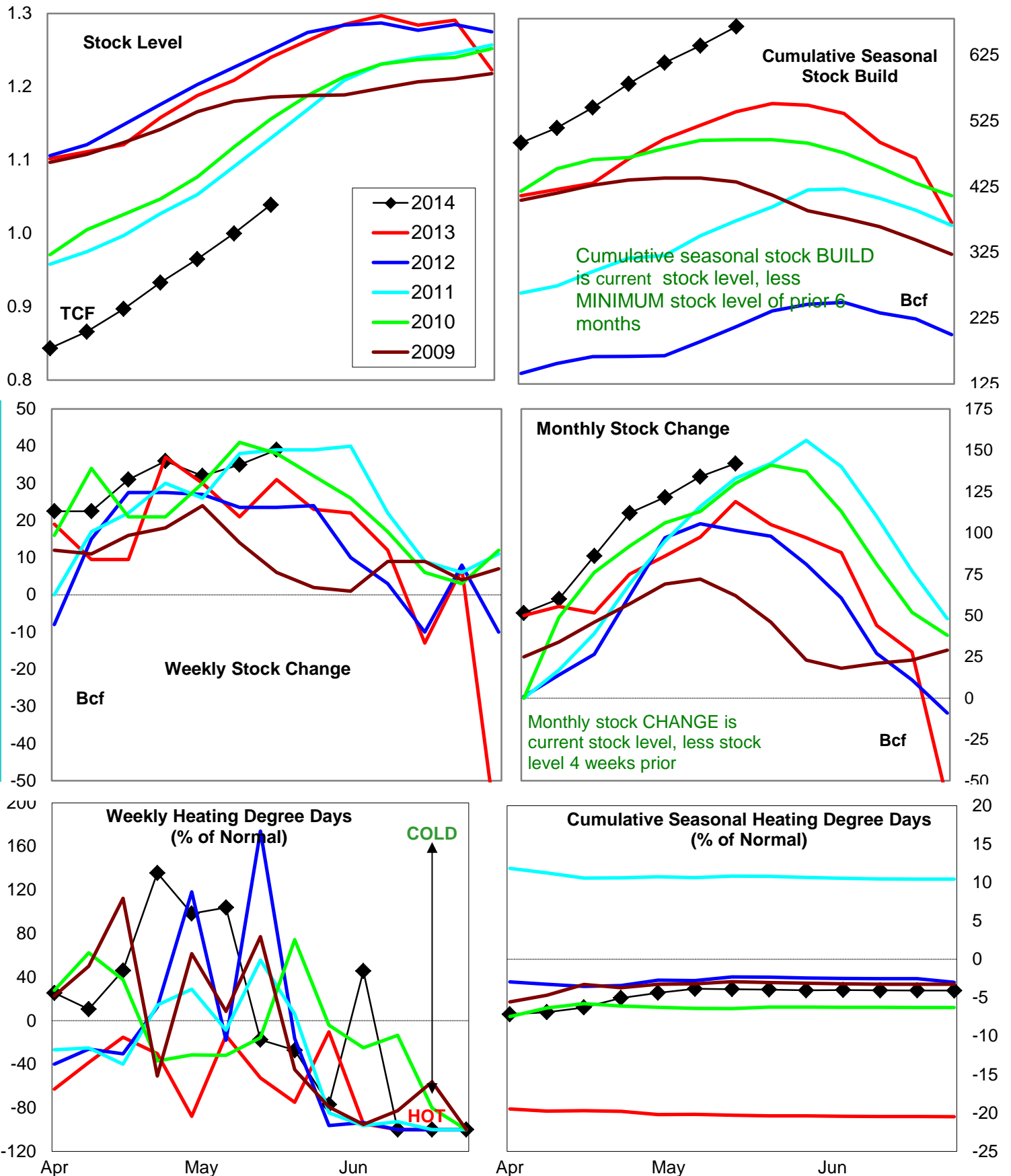
-12.0

100.0

23.3

46.7

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-201

8

23

130

Percent Change (%)

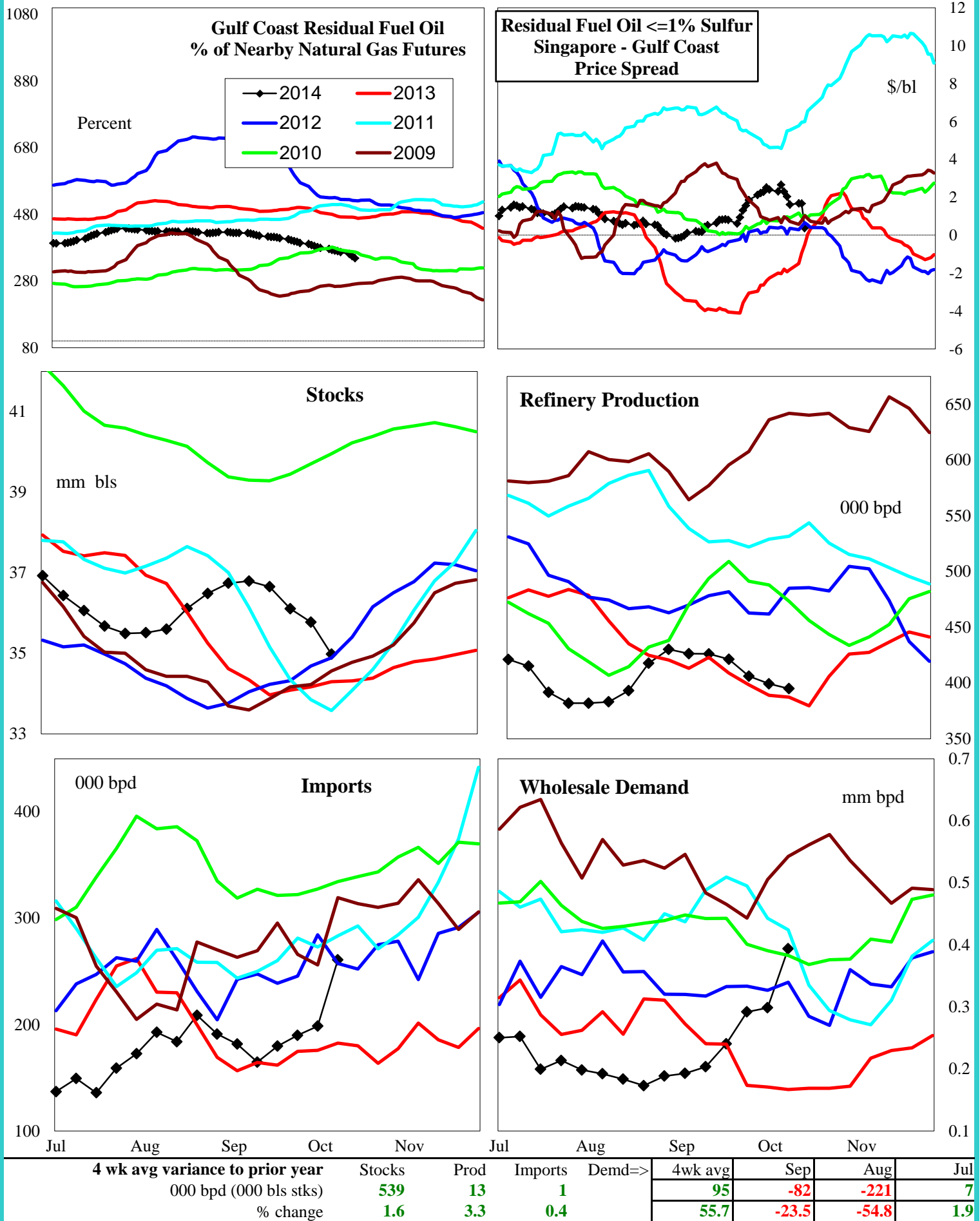
-16.2

25.8

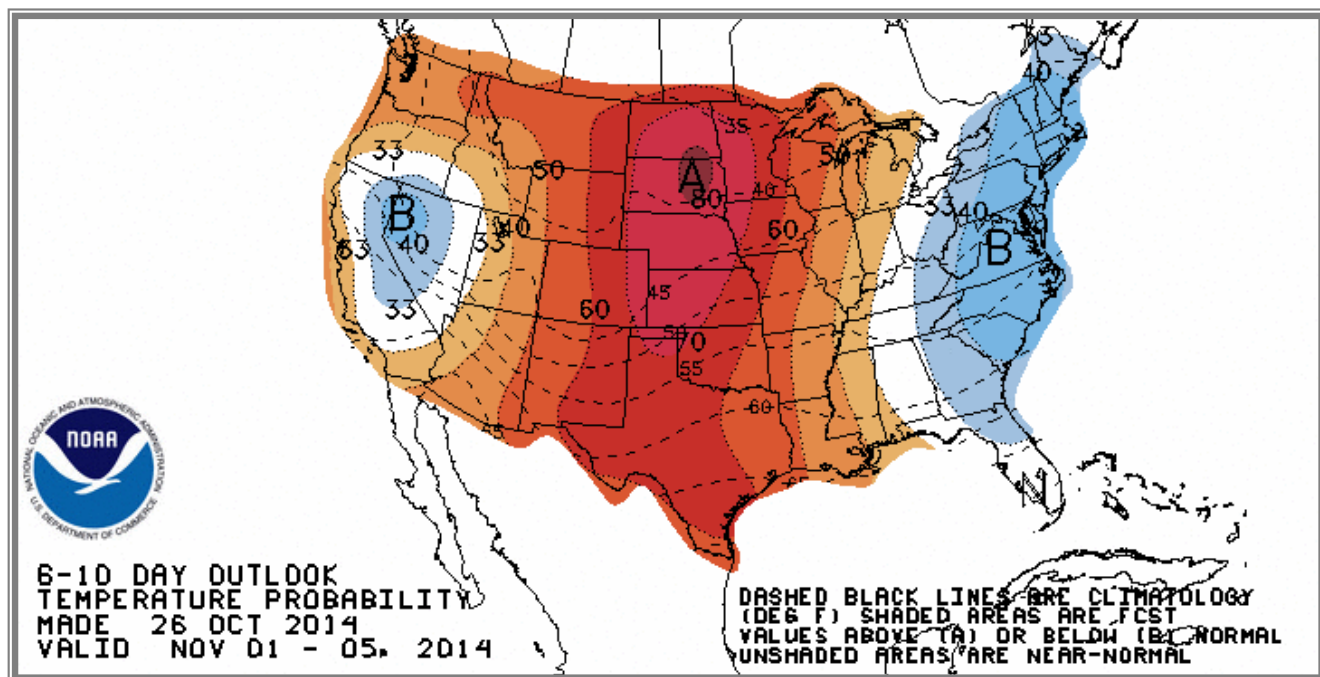
19.3

24.0

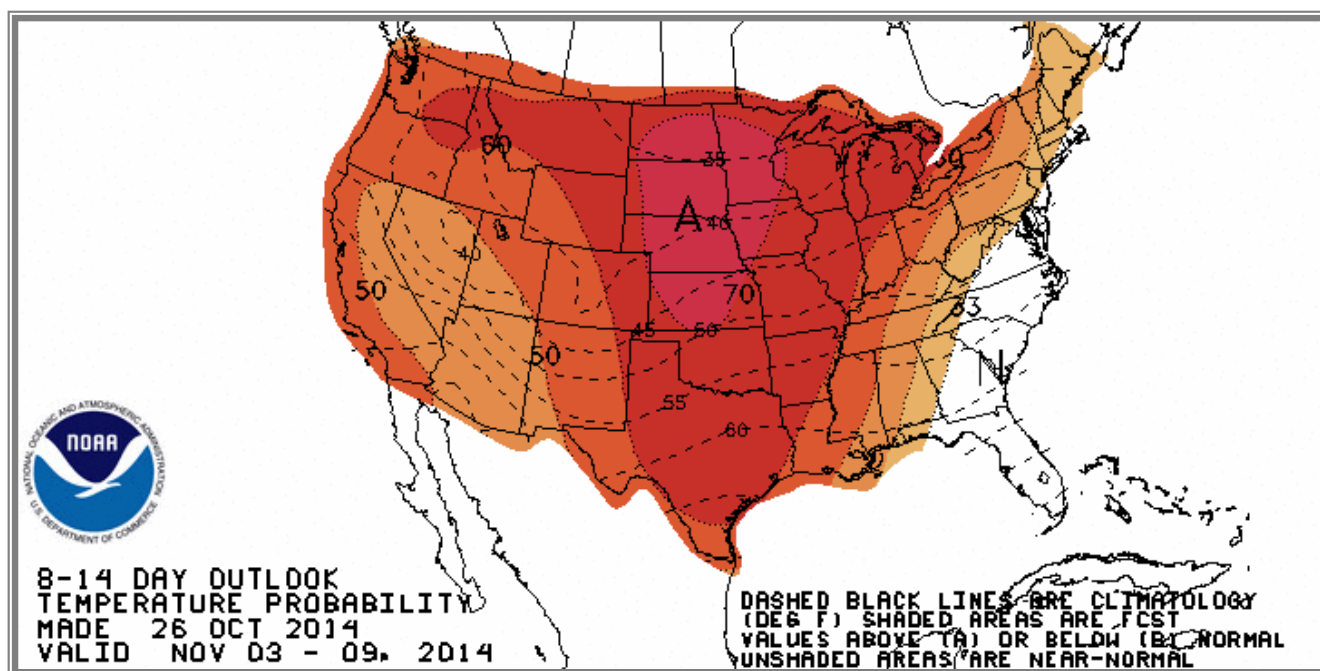
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

