

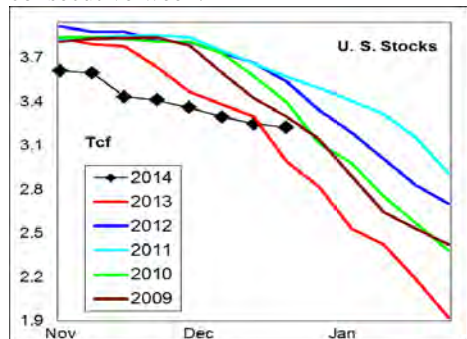
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

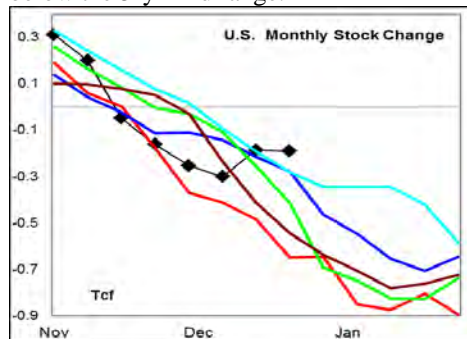
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, January 02, 2015



**Summary**<sup>1</sup> The stock draw of -26 Bcf last week was a record low draw for 3<sup>rd</sup> consecutive week.



The latest 4-wk stock change was a draw of -190 Bcf, was a record low draw for this time of year. The cumulative stock draw for the winter season was -54% less than last year, resulting in a stock level that is now +8% above last year and only slightly below the 5-yr mid range.



In the East Region stocks decreased -29 Bcf for the week, a record low draw for this time of year. Stocks were unchanged last week in the West Region, compared to an average -20 Bcf draw for this time of year. Stocks increased +3 Bcf on the week in the Producing region, compared to an average -40 Bcf draw for this time of year.

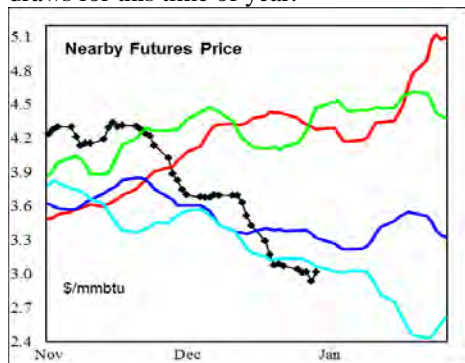
**Note:** heating degree charts in the report are not current with data under revision.

**Temperatures** were above normal across the country for the week ending 26Dec14, while forecast to be above normal for the week ending 02Jan15.

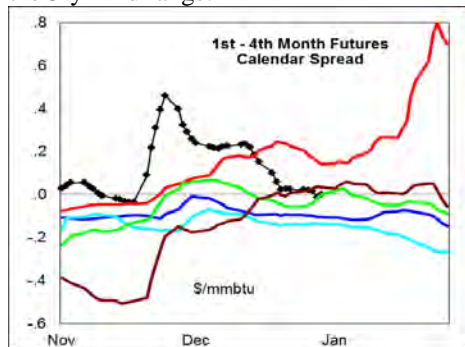
The 6-10 day NWS forecast for the

week ending 11Jan15 is for below normal temperatures across eastern 2/3rds of the country, and above normal in the west. The 8-14 day NWS forecast for the week ending 15Jan15 is for above normal temperatures in the west and across the southern 1/2 of the country, with near normal temperatures in the northern 1/2 of the country.

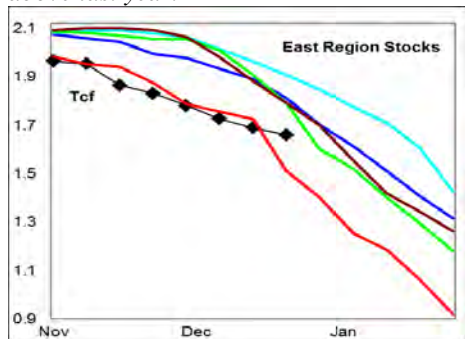
**Prices:** Nearby gas futures were unchanged for the week ending 02Jan15. Prices ended the week at a level just below the 5-yr range; driven by extremely small stock draws for this time of year.



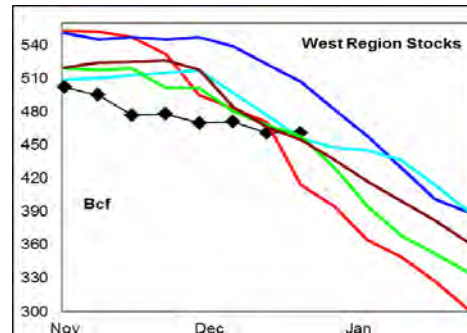
The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded sideways last week at a level near the 3-yr mid range.



**East Region** stocks declined -29 Bcf for the week, a record low draw for this time of year. The current stock level is +10% above last year.

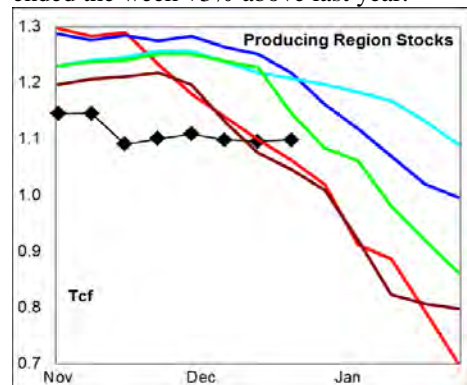


Temperatures were above normal for the week just ended, with much below normal temperatures forecast through mid January.



**West Region** stocks were unchanged last week, compared to an average -20 Bcf draw for the period. Stock levels ended the week +11% above last year. Temperatures are forecast to be much above normal through mid month.

**Producing Region** stocks increased +3 Bcf for the week, compared to an average draw of -40 Bcf for the period. Stock levels ended the week +3% above last year.



Temperatures are forecast to be below normal through the 1<sup>st</sup> week of January in the region.

**Residual Fuel Oil Switching:** The price spread between fuel oil and natural gas has dropped to near a 5-yr low on declines in petroleum prices.

**Outlook:** Temperatures are forecast to be below normal over the next 10-days in markets east of the Rockies.

However, low heating degree days over the past month and high production has led to record low stock draws, lifting stocks to levels above last year in all regional markets.

Very low stock draws, high production and collapse in global energy prices underlie the pull back in gas prices.

Look for prices to remain very weak through the balance of the heating season, with short term uptrends during periods of much below normal temperatures.

### <sup>1</sup> Related Web Sites:

[Data Source is EIA Weekly Statistics](http://Data Source is EIA Weekly Statistics)

[National Weather Service 6-10 Day](http://National Weather Service 6-10 Day)

[National Weather Service 10-14 Day](http://National Weather Service 10-14 Day)

## NATURAL GAS: Graph Link and Weekly Summary



Report prepared as of: January 2, 2015

For the week ending: 26-Dec-14

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

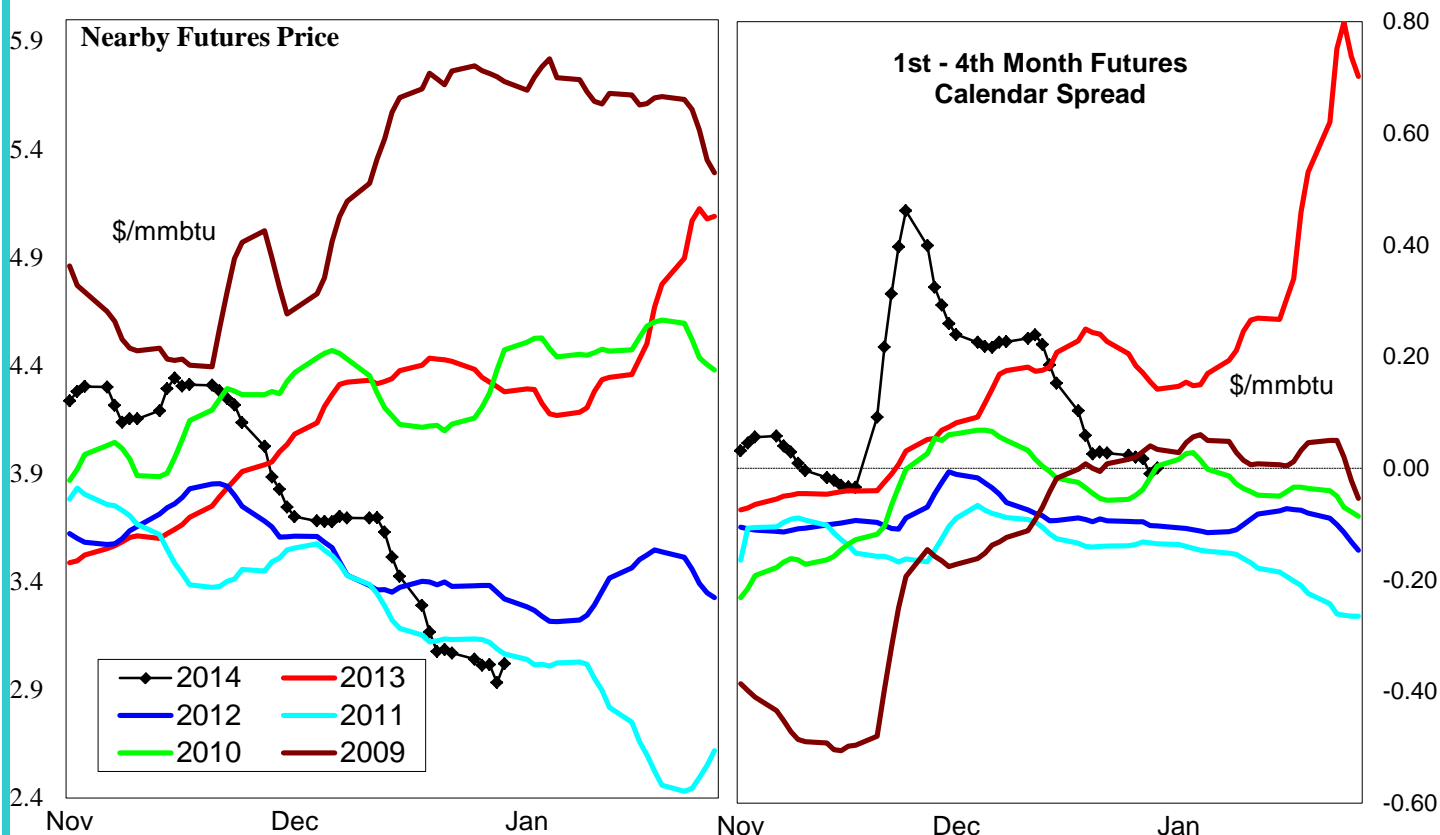
Week ending:	26-Dec-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,220	-26	7.8	-14	-45%	-2	-33%	-3	-77%
East	1,660	-29	9.9	-17	-39%	-2	-18%	-4	-74%
West	461	0	11.4	-12	-58%	-2	-55%	-5	-78%
Producing	1,099	3	3.4	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

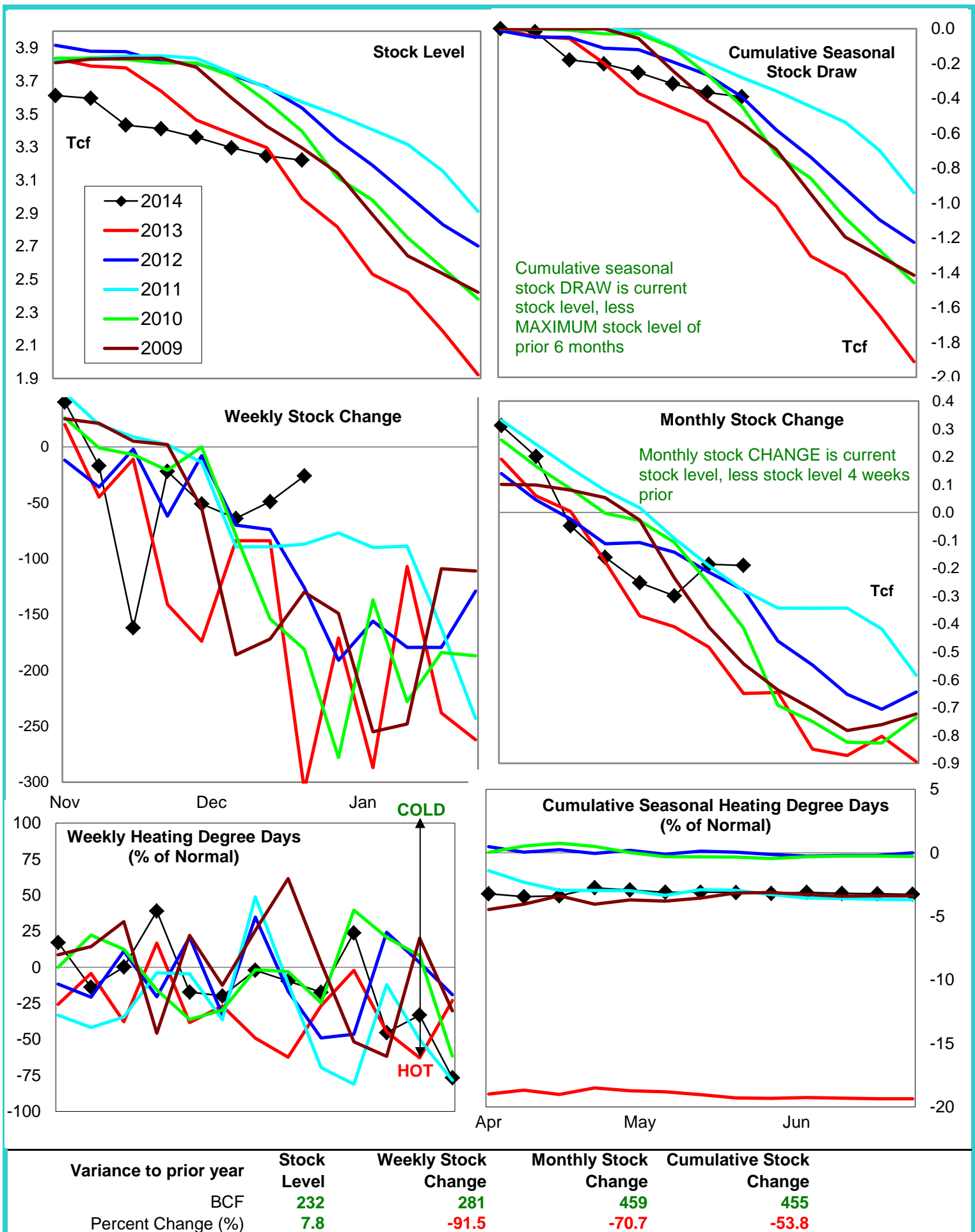
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-391</b>	<b>455</b>	<b>-116.4</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-304</b>	<b>169</b>	<b>-55.6</b>	<b>6</b>	<b>-2.9</b>	<b>4</b>	<b>-2.9</b>	<b>1</b>	<b>-2.9</b>
<b>West</b>	<b>-41</b>	<b>100</b>	<b>-243.9</b>	<b>10</b>	<b>-4.6</b>	<b>8</b>	<b>-4.7</b>	<b>3</b>	<b>-4.9</b>
<b>Producing</b>	<b>-47</b>	<b>187</b>	<b>-397.9</b>	<b>0</b>	<b>-4.0</b>	<b>0</b>	<b>-4.1</b>	<b>0</b>	<b>-4.1</b>

### Futures Market Price Trends

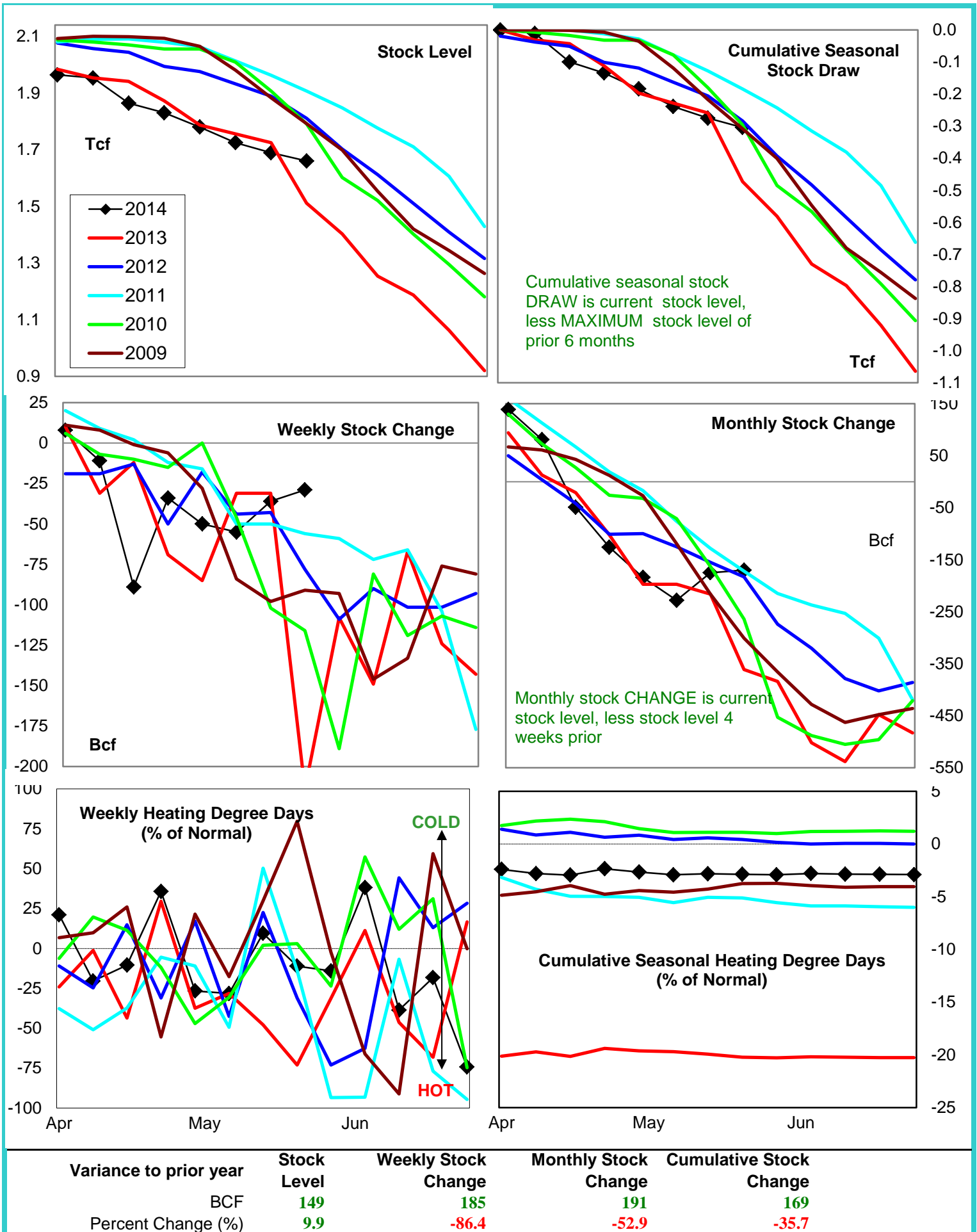
Date:	2-Jan-15	Change vs prior week, month, year		
		29-Dec-14	8-Dec-14	14-Jan-14
<b>1st month Futures</b>	<b>3.02</b>	<b>-0.17</b>	<b>-0.58</b>	<b>-1.36</b>
<b>% change</b>	<b>xxxxx</b>	<b>-5.3</b>	<b>-16.0</b>	<b>-31.1</b>



# United States Natural Gas Stock and Weather Trends

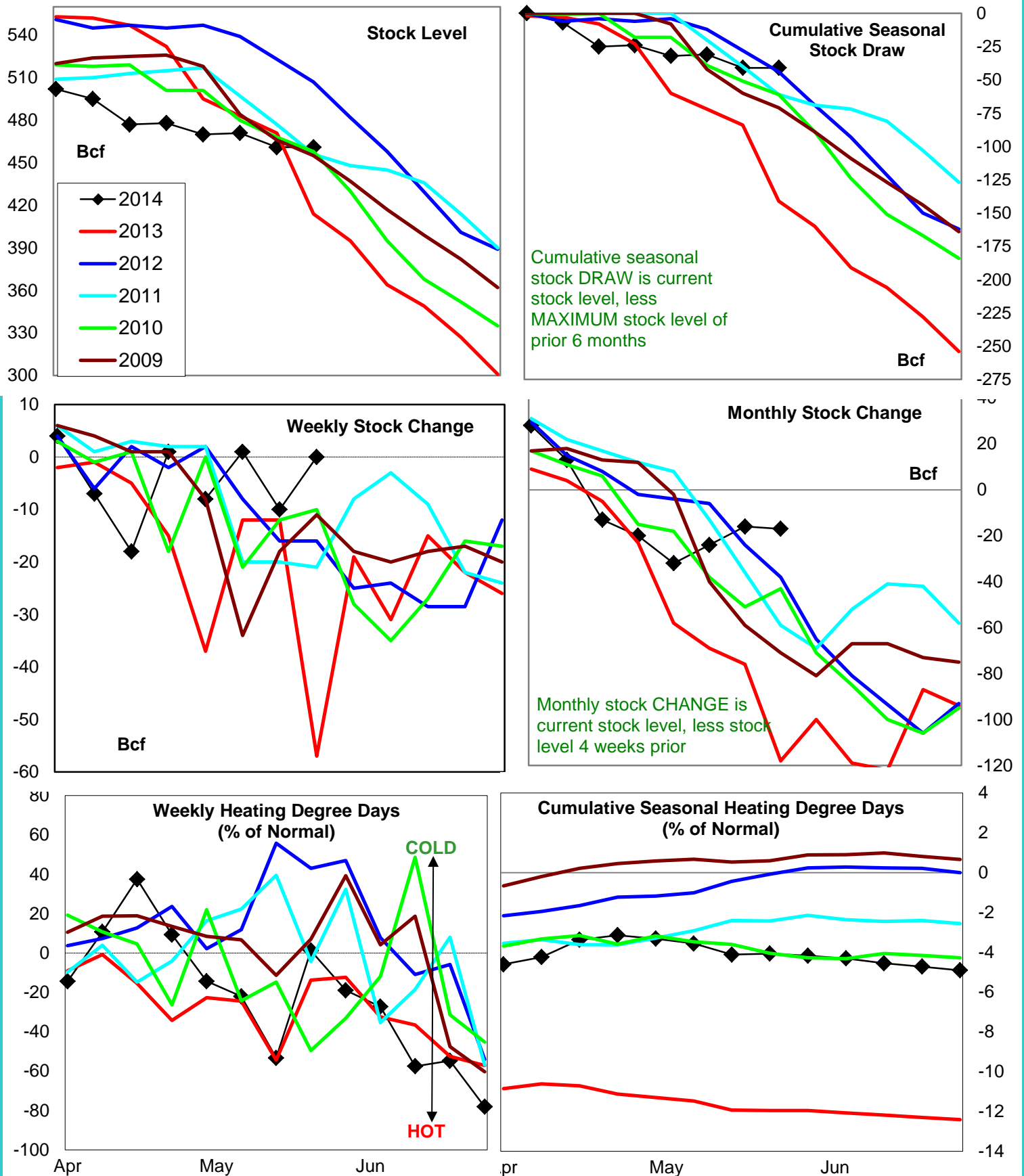


# Natural Gas East Region Stock and Weather Trends





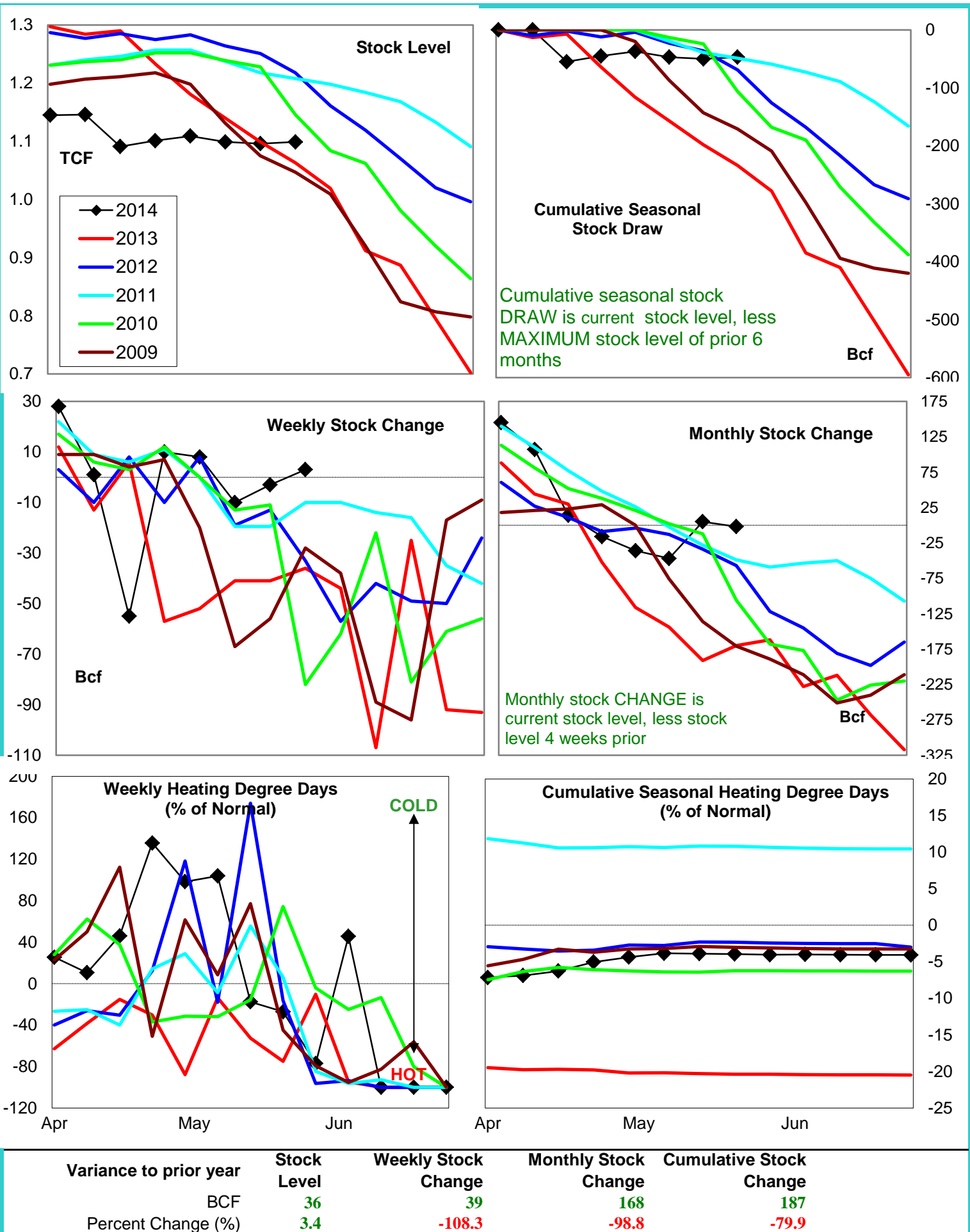
# Natural Gas West Region Stock and Weather Trends



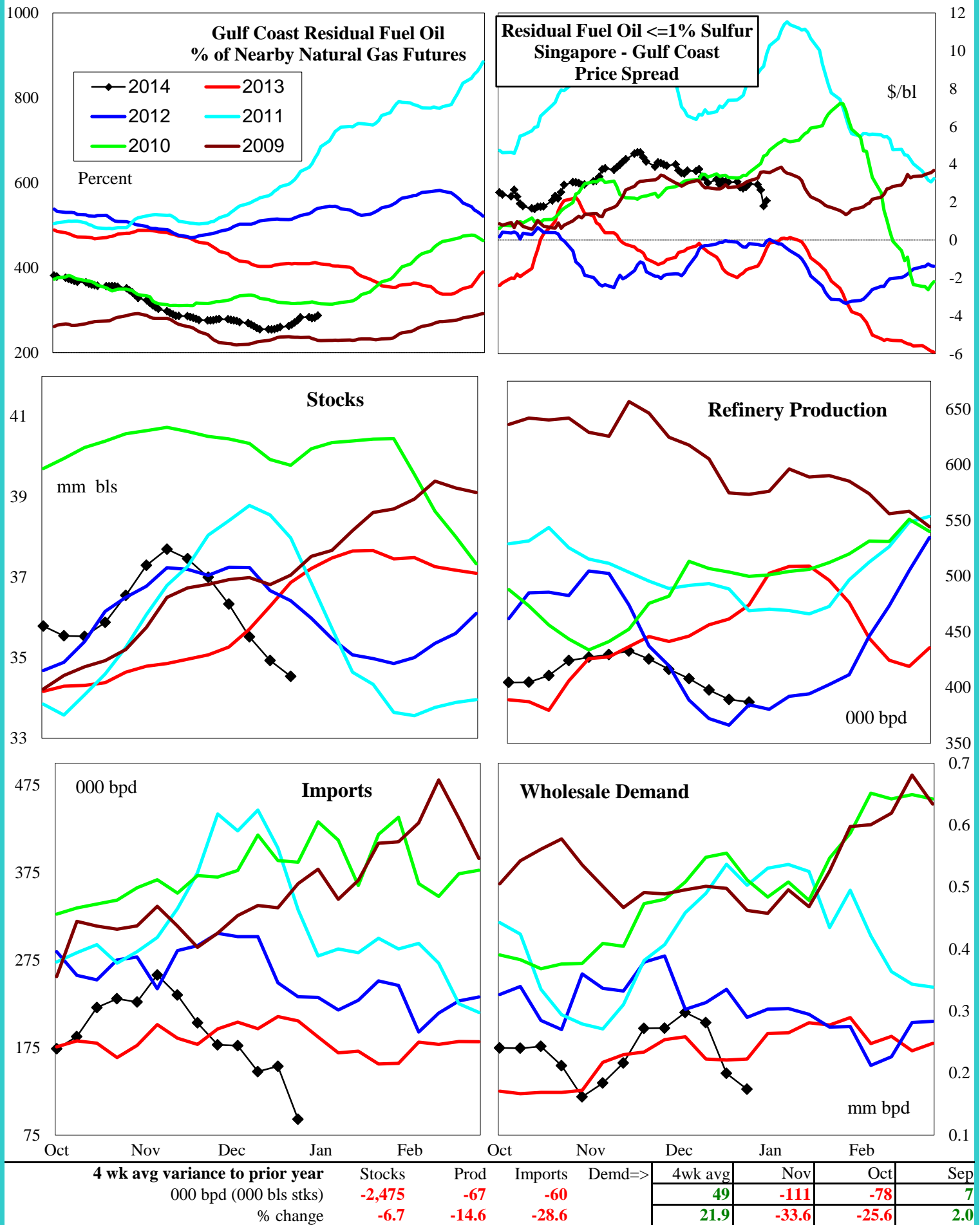
Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)47  
11.457  
-100.0101  
-85.6100  
-70.9

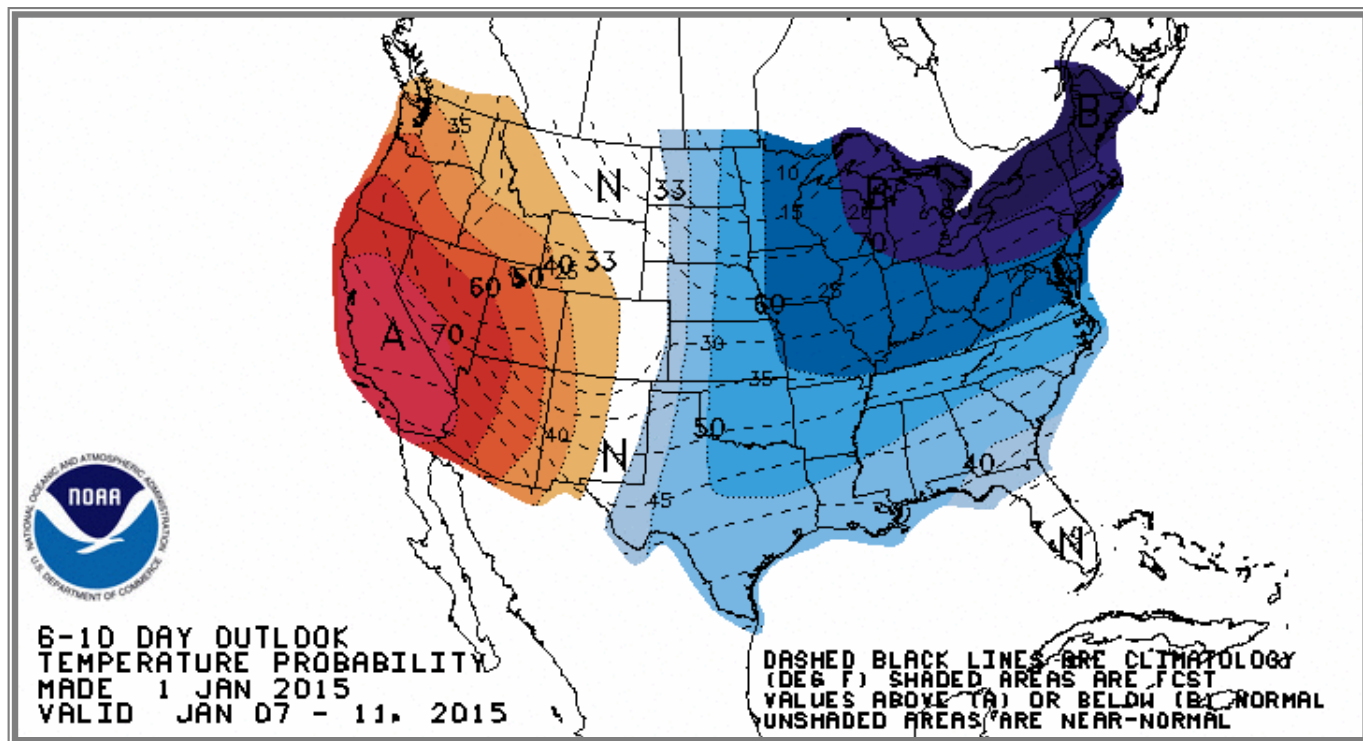
# Natural Gas Producing Region Stock and Weather Trends



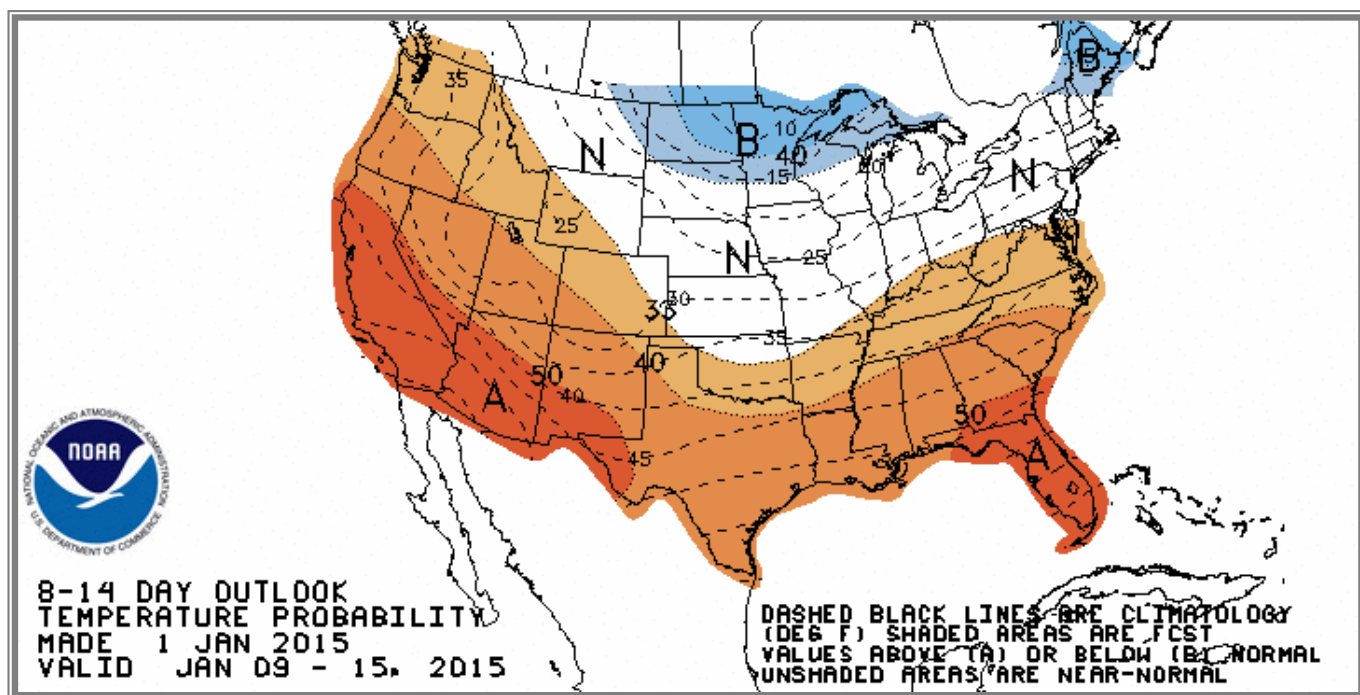
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

