

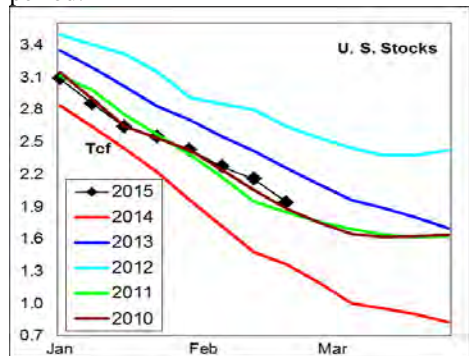
# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

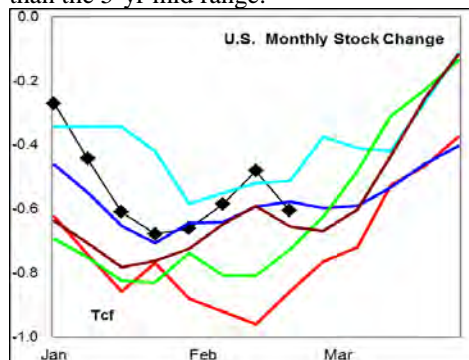
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Friday, February 27, 2015



**Summary**<sup>1</sup> The stock draw of -219 Bcf last week was a record draw for the period.



The latest 4-wk stock change was a draw of -252 Bcf, a level comparable to the 3-yr mid range. The cumulative stock draw for the winter season was -32% less than last year, resulting in a stock level that is now +42% above last year and slightly greater than the 5-yr mid range.



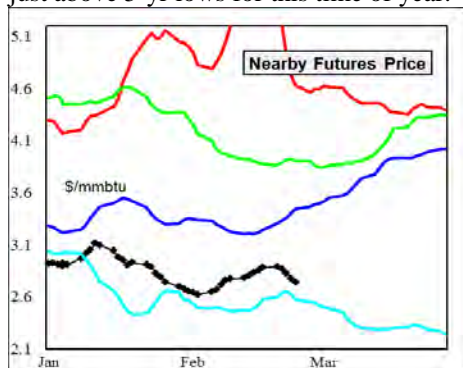
In the East Region stocks decreased -141 Bcf for the week, a record draw for the period. Stocks decreased -1 Bcf for the week in the West Region, this compares to an average draw of -15 Bcf in four of the last 5-yrs. Stocks saw a -74 Bcf draw in the Producing region last week, also a record draw for the period.

**Temperatures** were sharply below normal across the eastern ½ of the country for the week ending 13Feb15, and well below normal for the week ending 20Feb15.

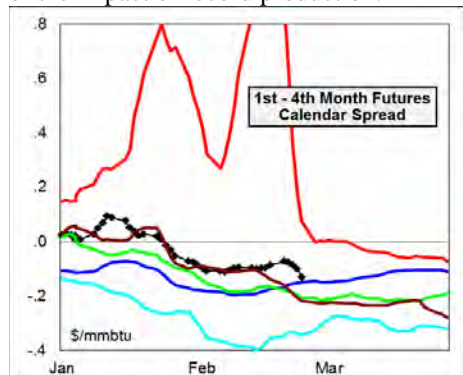
The 6-10 day NWS forecast for the week ending 08Mar15 is for sharply below normal temperatures across the Midwest

and great lakes region, with below normal temperatures across most of the country except the west coast and southeast. The 8-14 day NWS forecast for the week ending 12Mar15 is for sharply below normal temperatures in the great lakes and New England, and below normal temperatures across the eastern ½ of the country.

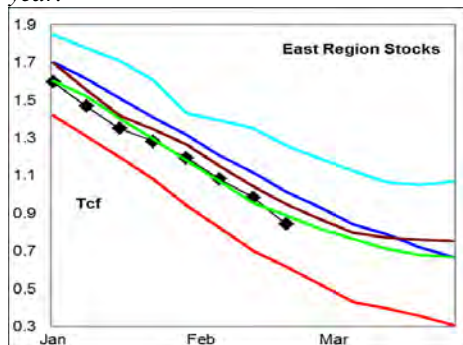
**Prices:** Nearby gas futures prices decreased -\$0.21/mmbtu for the week ending 27Feb15. Prices ended the week at a level just above 5-yr lows for this time of year.



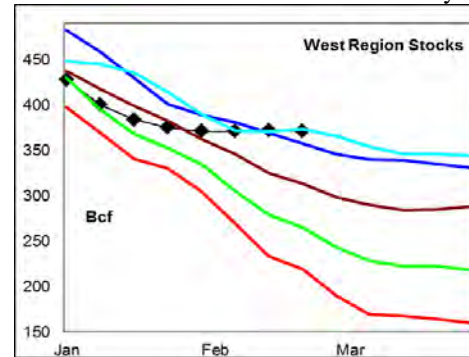
The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded sideways last week at a level near the 3-yr mid range. The market continues to trade in a 'carry', even with extreme cold in the major heating market; evidence of the impact of record production.



**East Region** stocks declined -141 Bcf for the week, a record draw for the period. The current stock level is +36% above last year.

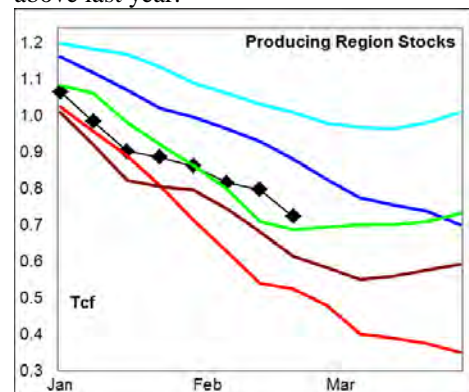


Temperatures were sharply below normal for the week just ended, and are forecast to be well below normal for the next 10-days.



**West Region** stocks decreased -1 Bcf for the week, compared to an average draw of -15 Bcf for four of the last 5-yrs. Stock levels ended the week +69% above last year and equal to 5-yr highs. Temperatures are forecast to be near normal for the next 2-wks.

**Producing Region** stocks decreased -74 Bcf for the week, a record low draw for the period. Stock levels ended the week +38% above last year.



Temperatures are forecast to be well below normal during the next 2-wks.

**Residual Fuel Oil Switching:** The price spread between fuel oil and natural gas ended the week near 3-yr lows in favor of gas.

**Outlook:** Extremely cold temperatures in the northeast have led to natural gas allocation for utilities, driven by a lack of pipeline capacity to deliver product. As a result of the pipeline capacity limits, the impact has been limited on Gulf spot prices.

Even with the spike in heating demand, the forward price curve is trading in a 'carry', pointing to the impact of record production. Any warming trend would result in additional price weakness.

### <sup>1</sup> 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: February 27, 2015

For the week ending: 20-Feb-15

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

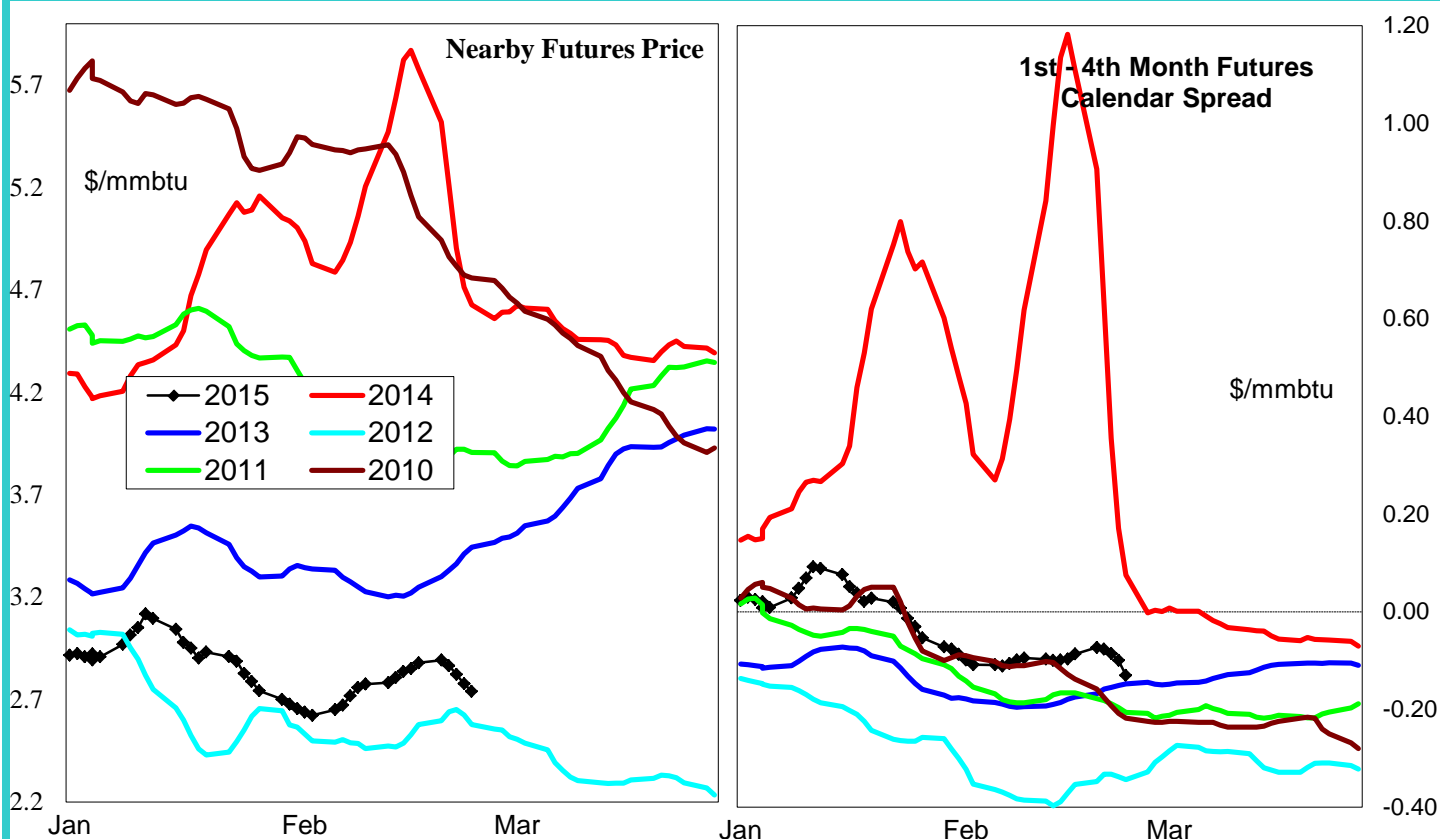
Week ending:	20-Feb-15			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,938	-219	42.3	-14	-45%	-2	-33%	-3	-77%
East	843	-141	36.4	-17	-39%	-2	-18%	-4	-74%
West	371	-1	69.4	-12	-58%	-2	-55%	-5	-78%
Producing	724	-74	37.9	-4	-100%	0	-100%	0	-100%

### Seasonal Trends in Stocks and Heating Degree Days

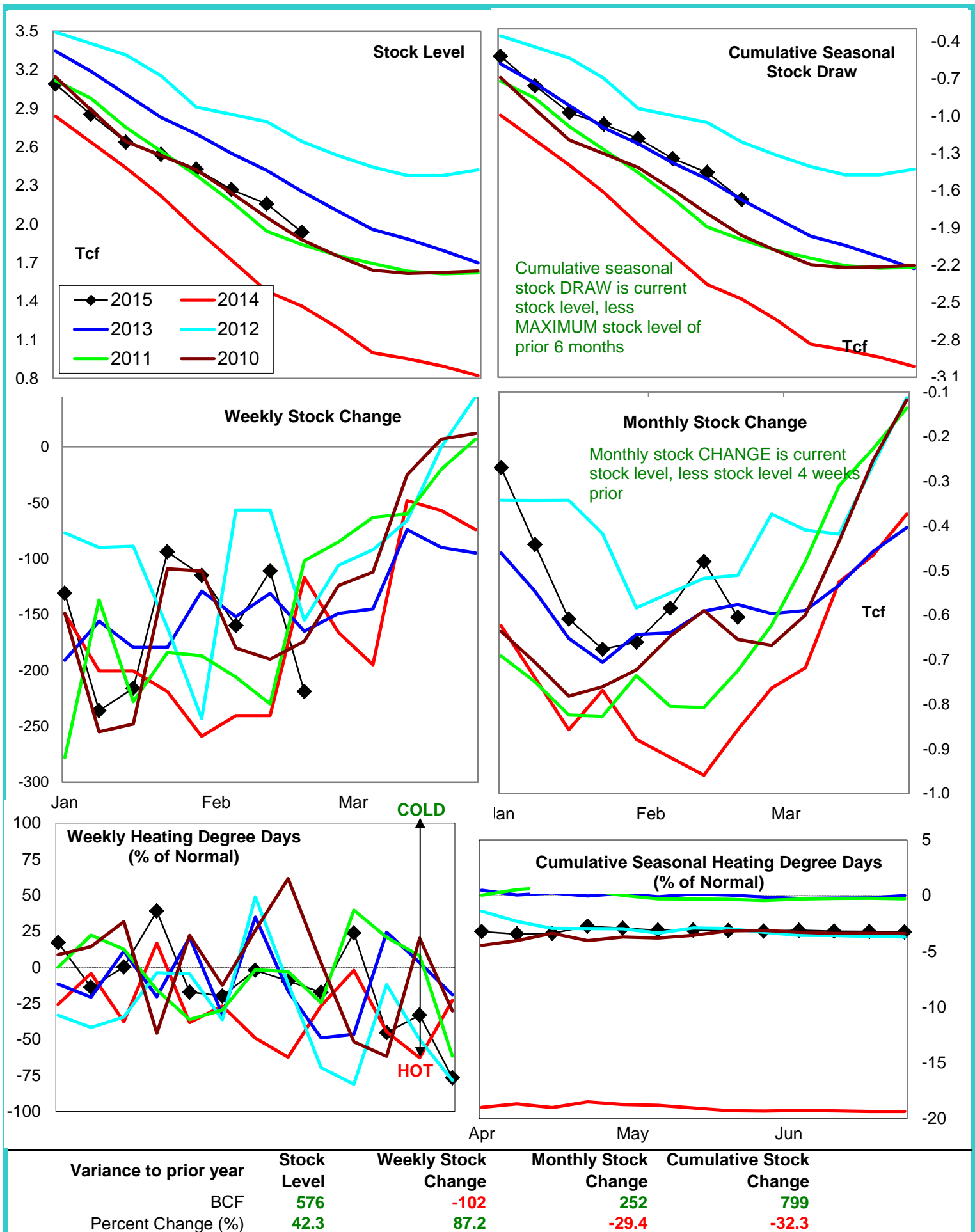
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-1,673</b>	<b>799</b>	<b>-47.8</b>	<b>6</b>	<b>-3.2</b>	<b>4</b>	<b>-3.2</b>	<b>1</b>	<b>-3.3</b>
<b>East</b>	<b>-1,121</b>	<b>245</b>	<b>-21.9</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>-131</b>	<b>205</b>	<b>-156.5</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>-422</b>	<b>350</b>	<b>-82.9</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

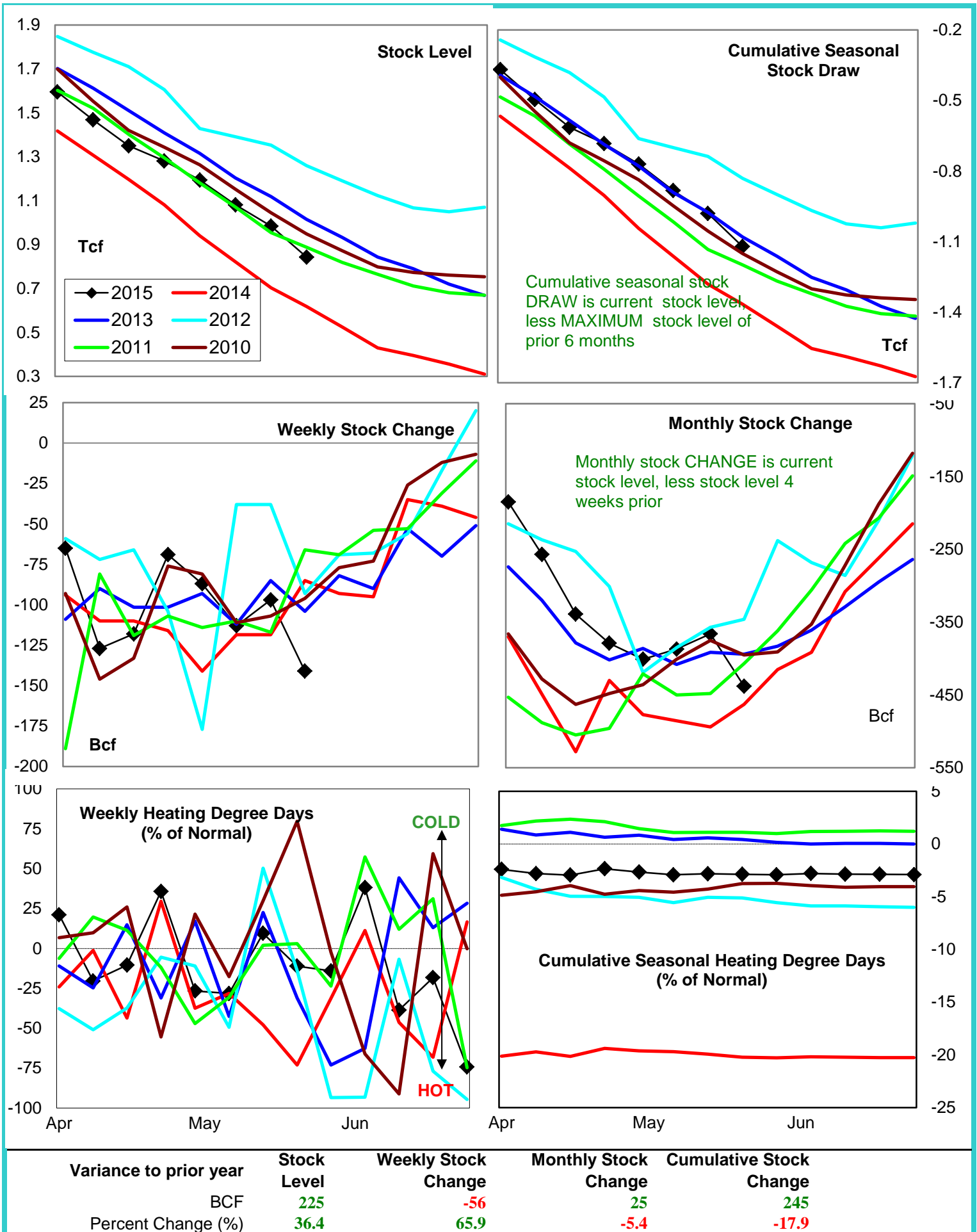
Date:	20-Feb-15	Change vs prior week, month, year		
		16-Feb-15	26-Jan-15	4-Mar-14
<b>1st month Futures</b>	<b>2.74</b>	<b>-0.14</b>	<b>0.06</b>	<b>-1.69</b>
<b>% change</b>	<b>xxxxx</b>	<b>-4.8</b>	<b>2.2</b>	<b>-38.1</b>



## United States Natural Gas Stock and Weather Trends

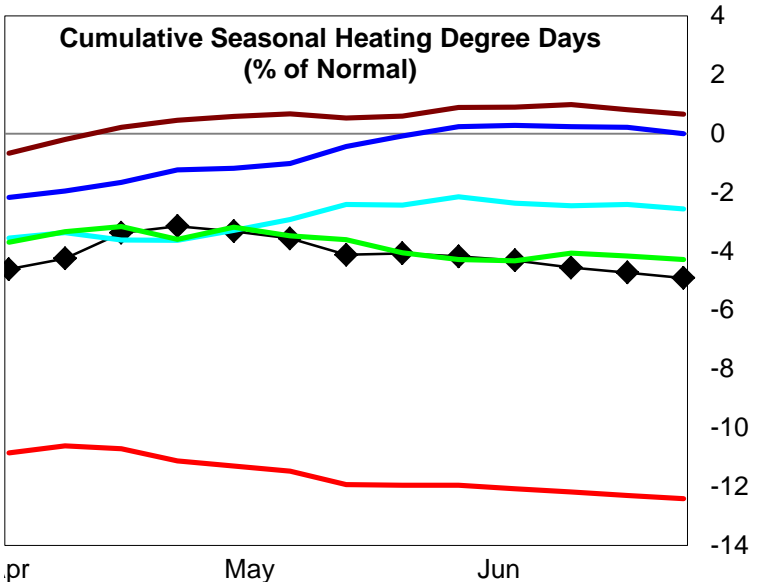
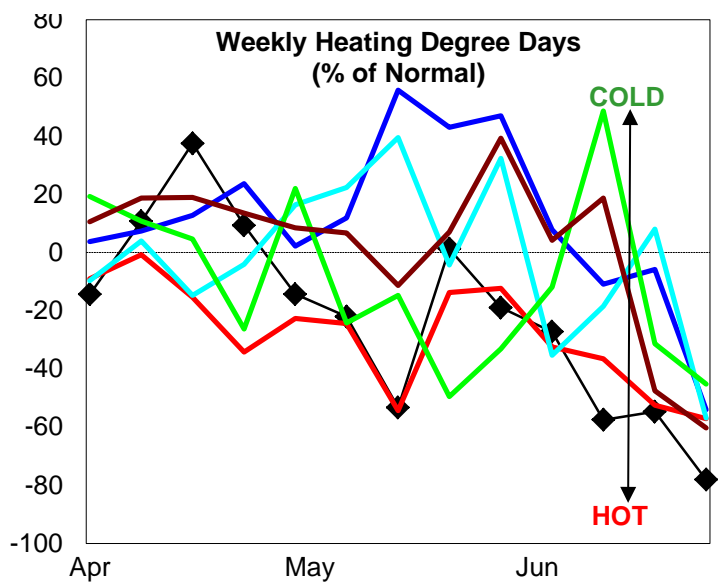
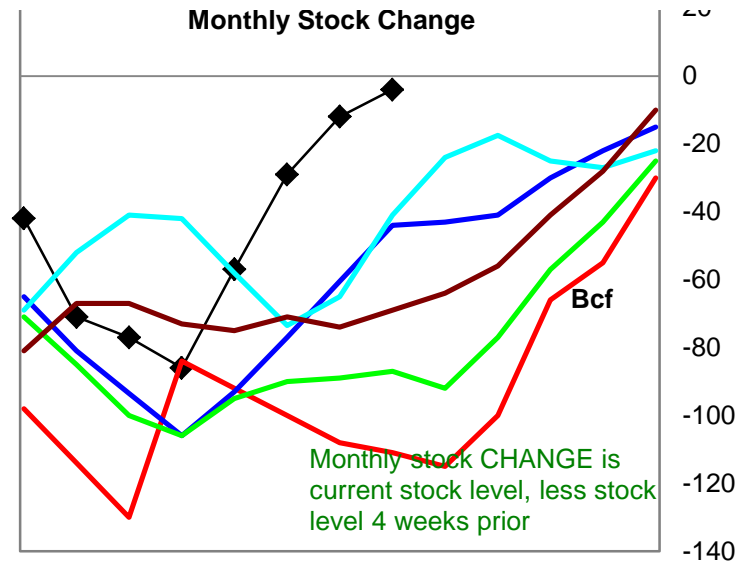
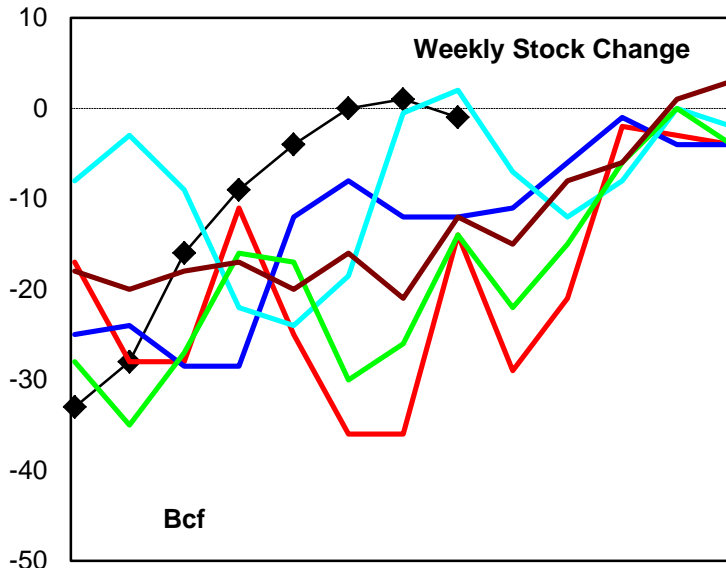
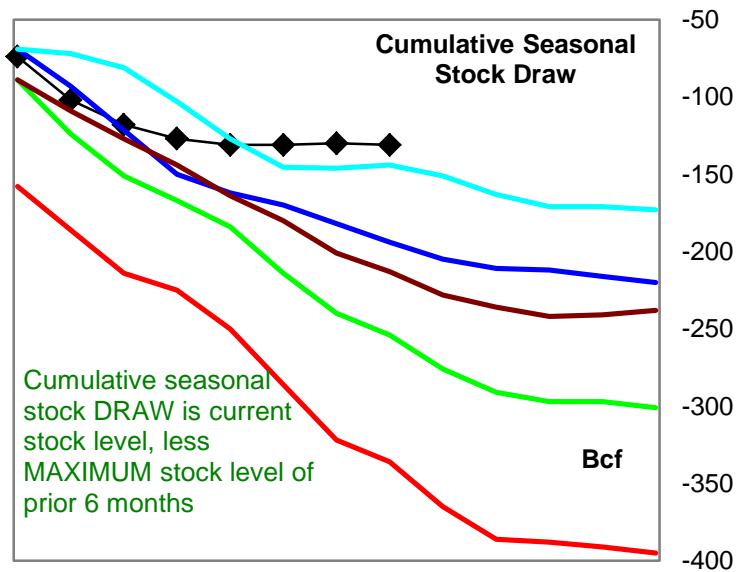
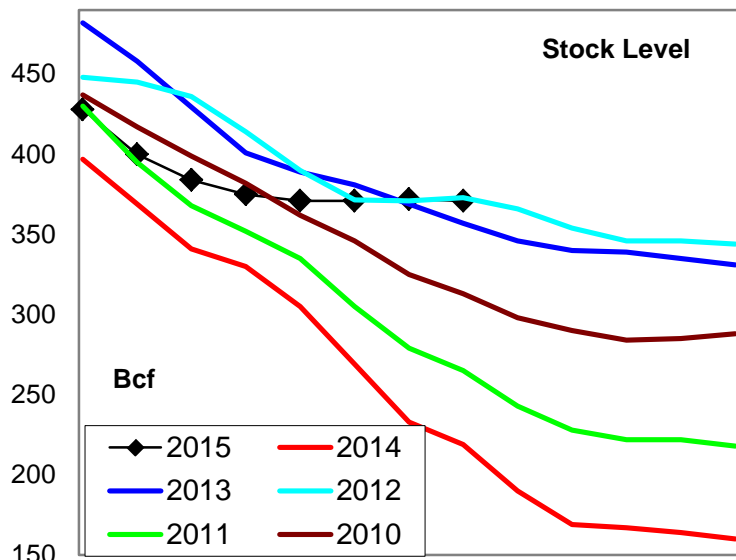


# Natural Gas East Region Stock and Weather Trends





# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

152

13

107

205

Percent Change (%)

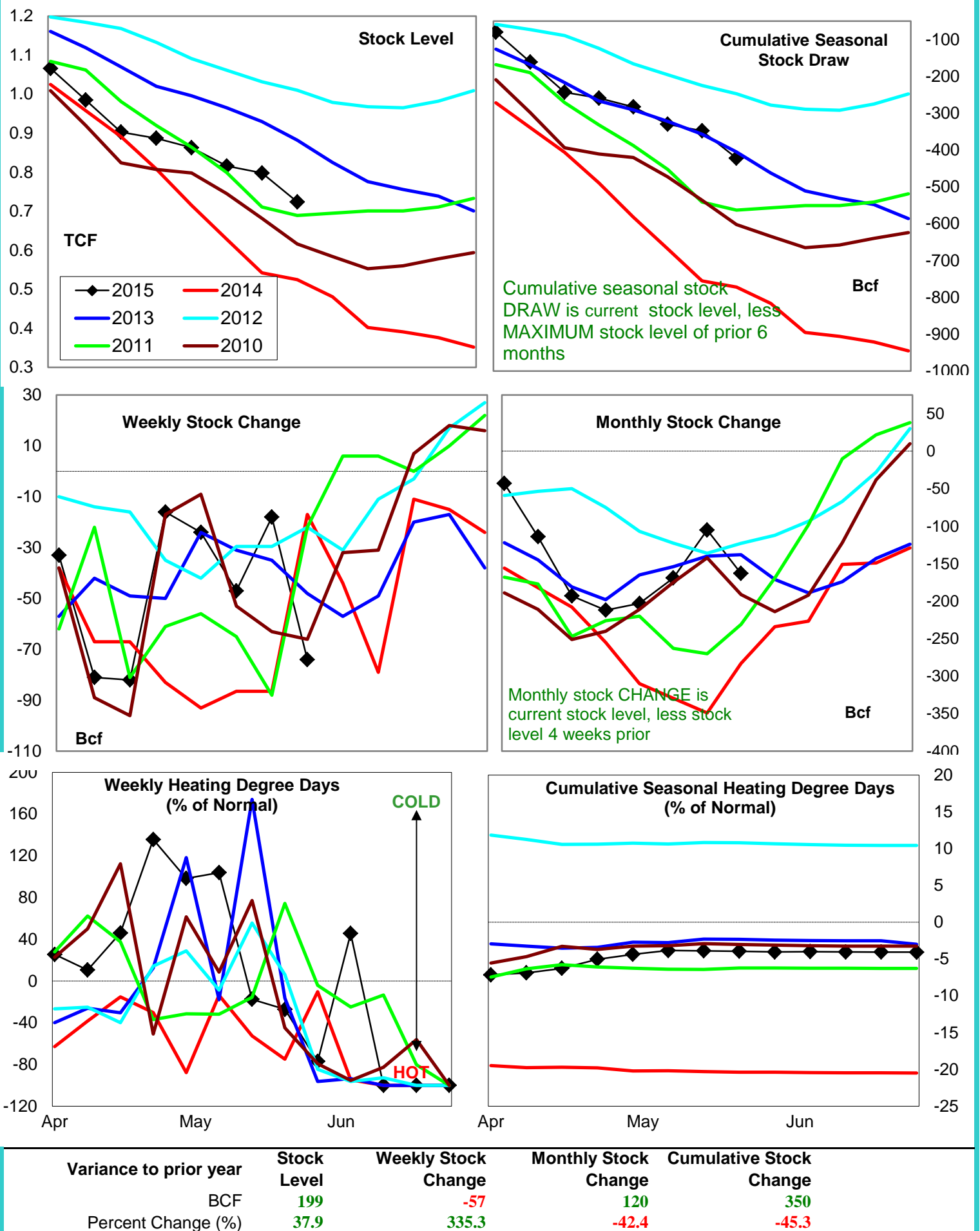
69.4

-92.9

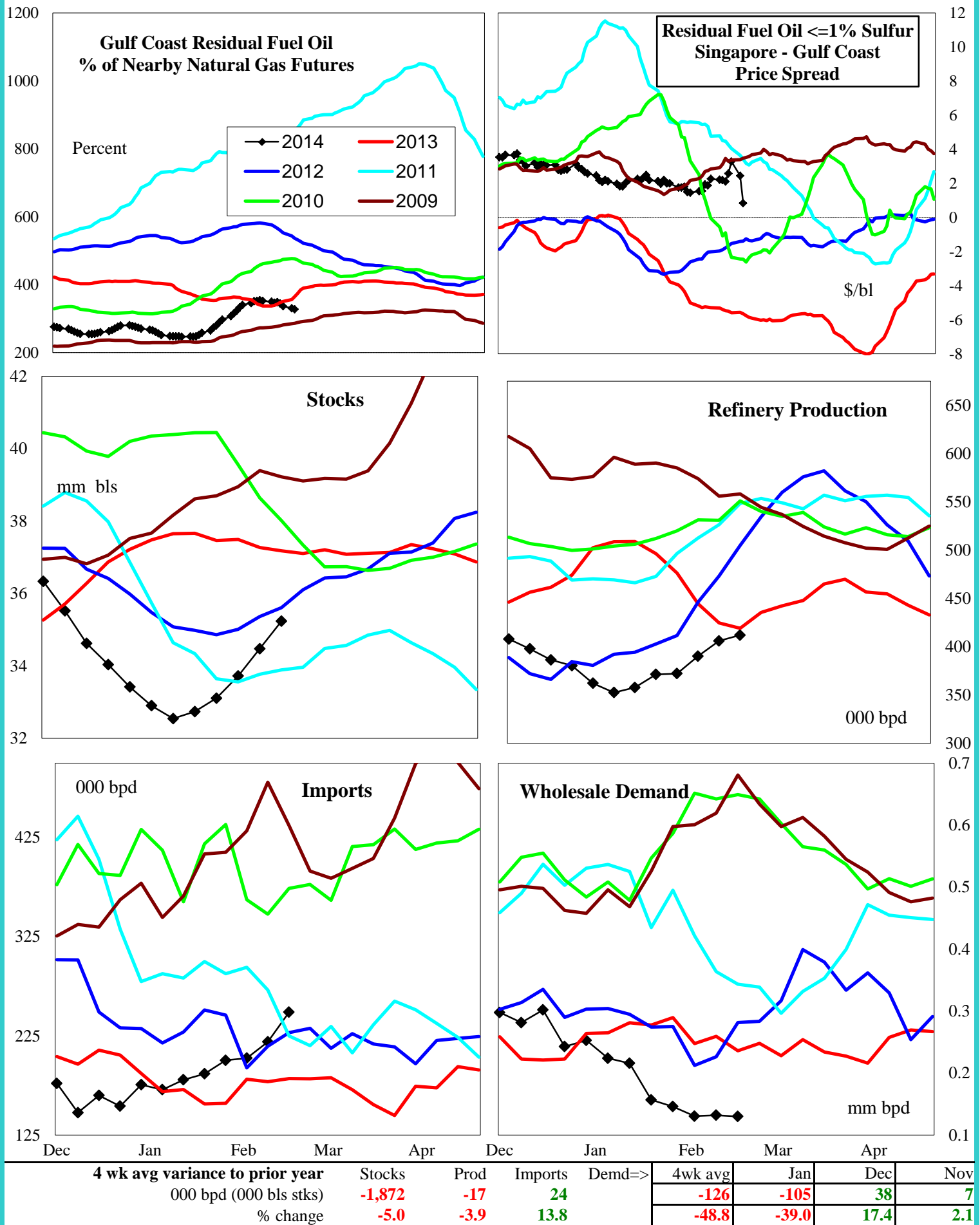
-96.4

-61.0

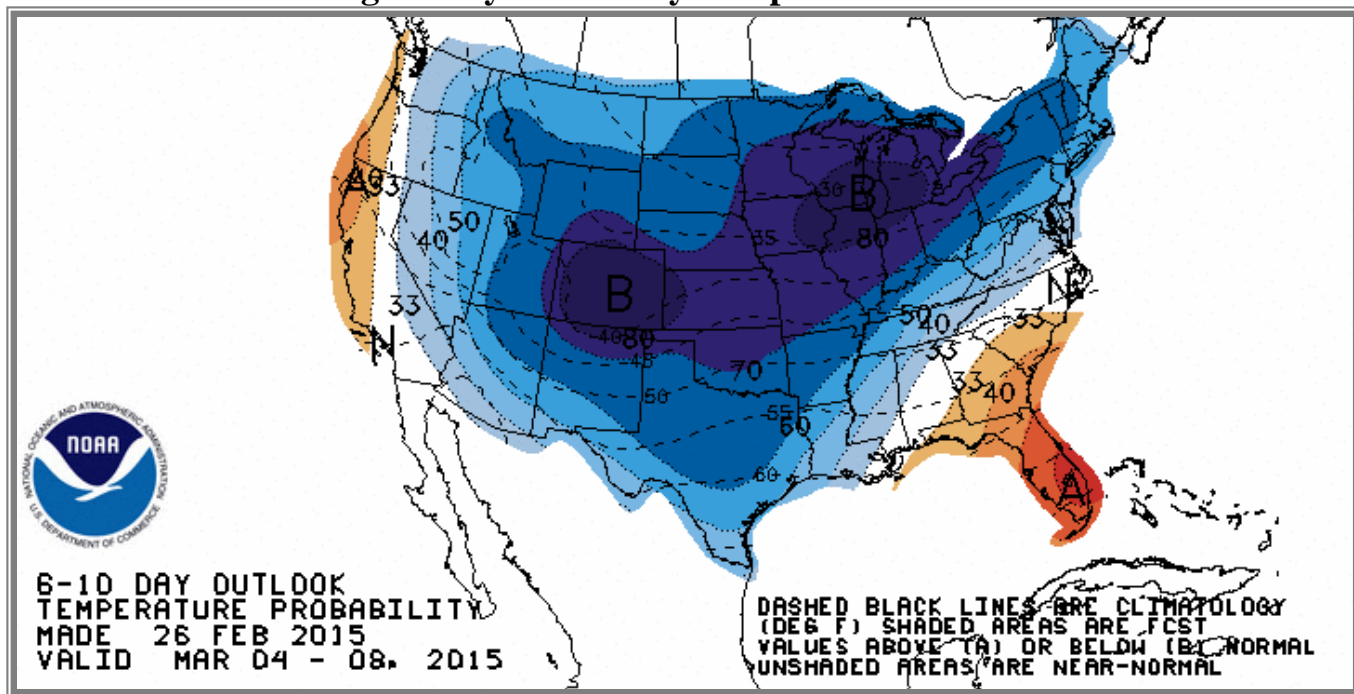
# Natural Gas Producing Region Stock and Weather Trends



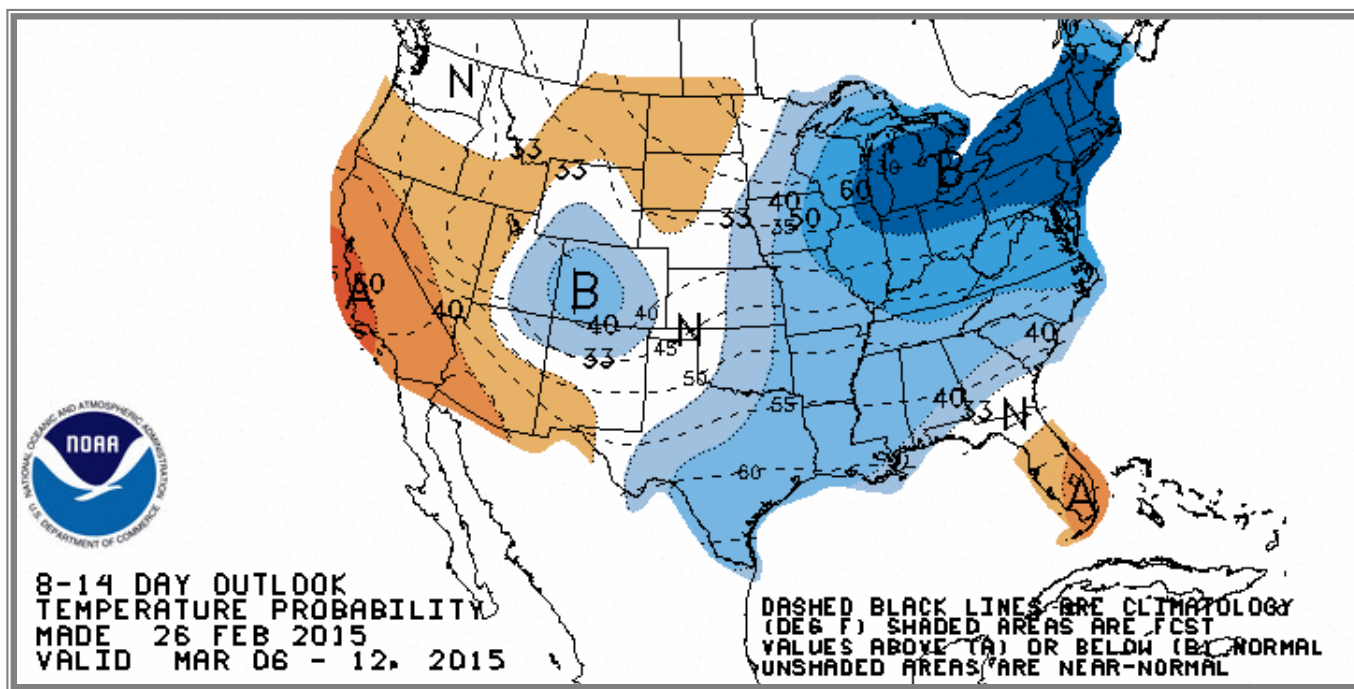
## U.S. Residual Fuel Oil Price Spreads and Supply Balance



## 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

