

Volume 437 August 2, 2012

Market- The August natural gas futures contract expired last Friday at \$.3010 per therm; September is now the front month. The natural gas market traded higher again this week as the hot weather across the country and natural gas going to fuel gas peaking power increased demand; but sharply lower this morning after the storage report. Over-supply is keeping prices low; but the summer weather, oil prices and the potential for an increase in liquefied natural gas exports is keeping prices supported. We still have more gas in storage than last year and the 5 year average. The US gas traditional rig count was a decrease this week of 13 and horizontal drilling decreased 13 rigs. Prices continue to be tempered by flat industrial demand; but fertilizer and chemical production are increasing. Gas production levels due mostly to shale drilling are still strong. Natural gas is very attractive to fix at this time.

The Crude oil price for September is lower this week at \$87.28 per barrel. Heating oil is lower at \$2.83 per gal. Unleaded gasoline futures are higher this week at \$2.84 and gasoline at the pump is around \$3.79...in Indiana. The natural gas storage report this week was an injection of 28 BCF; storage is **472CF higher** than last year and **407 BCF higher** than the 5 year average.



Above Graph – Sep 2012 NYMEX gas futures

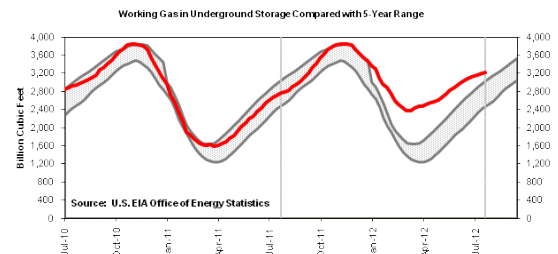
Extended Temperature Forecast: Chicago Area

	Thu	Fri	Sat	Sun	Mon
High	93	93	96	85	84
Low	73	75	74	68	69

Storage Statistics: (BCF) Billion Cubic Ft

This Week	Last Year	5 Year Ave.
3,217	2,745	2,810

The total is an increase of 28 BCF from last week.



Above Graph - Storage levels as of Aug 2

Comparative Fuels: Futures Prices for Sept

	Price	Compared to Nat Gas
Natural Gas (therm)	\$2.978	\$2.978
Propane (gal)	\$8.750	\$9.537
Crude Oil (barrel)	\$87.28	
Heating Oil (gal)	\$2.83	\$2.036
Unleaded Gas (gal)	\$2.84	

North American Traditional Nat. Gas Rig Count:

This week	505
Last week	518
Year Ago this week	877

US Horizontal Rig Count:

This week	1151
Last week	1164
Year Ago this week	1080

NGI for Aug 2012 \$3.170

