



# The Mobius Report

January 3, 2011

## Natural Gas

### Price Overview

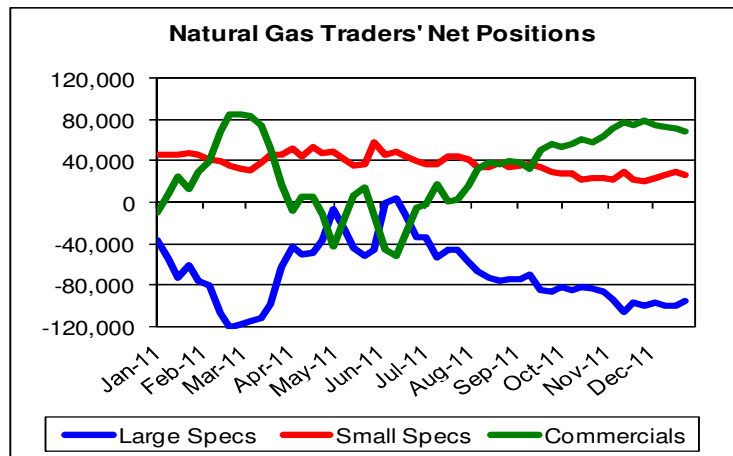
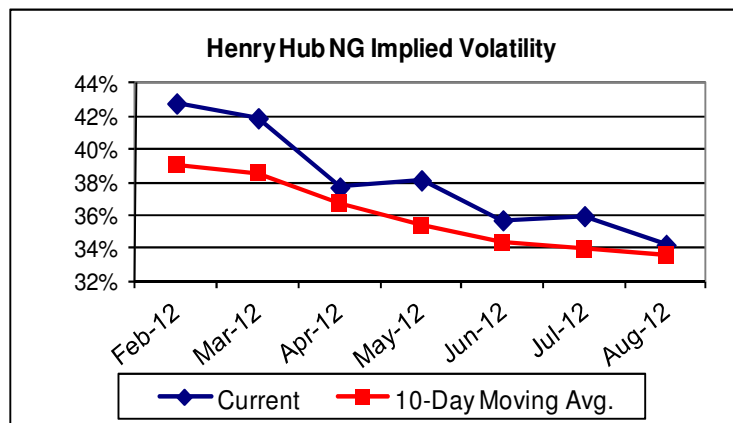
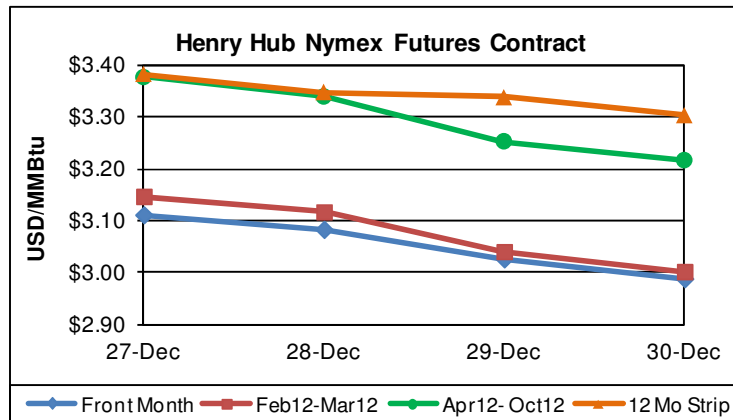
- The January 2012 NYMEX natural gas futures contract terminated trading on Wednesday at a final settlement price of \$3.084.
- The February 2012 contract ended the week at \$2.989, down \$0.158 from last week's Feb12 settlement price of \$3.147.
- The remaining months of winter strip (Feb12- Mar12) settled at \$3.003 and next summer's strip (Apr12-Oct12) ended the week at \$3.217.
- The 12-month forward strip and Cal12 (Feb12- Jan13) ended the week at \$3.251; Cal13 (Jan13-Dec13) settled at \$3.941.
- Cash prices ended the week at \$2.985, up 1¢ from last Friday's price of \$2.975 at Henry Hub.
- Natural Gas prices continued to fall, dipping below \$3 for February deliveries as traders seem to have given up on prospects for a winter rally.
- Current forecasts call for a warming trend over the next two weeks, which will depress calls on storage inventories as a supplement to domestic production.
- In this oversupplied market, hedge funds and speculators have fled their short positions, pushing prices still lower. *Source: NYMEX.*

➤ **PRICE UPDATE: The February 2012 NYMEX natural gas futures contract settled at \$2.993, up 0.4¢ at the close of today's trading.**

### Commitments of Traders

**For the week ending December 27:**

- Non-commercial (Large Spec) traders decreased their net short positions by 4,435 contracts to a net short position of 95,640 contracts.
- Non-commercial traders (Small Specs) increased their long positions by 2,170 contracts to a net long position of 26,616.



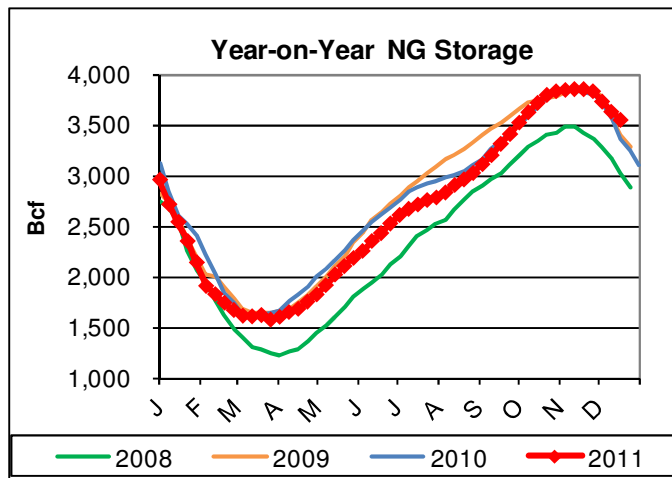
- Commercial traders decreased their long positions by 2,222 contracts to a net long position of 69,069 contracts.
  - The market's overall holdings fell by 6,434 contracts, to end the week with 1,682,981 open contracts.
- Source: CFTC

	Natural Gas NYMEX Futures and Options Combined with Henry Hub Swaps									
	Large Specs			Small Specs			Commercials			Open Interest
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
27-Dec	302,228	397,868	(95,640)	81,722	55,106	26,616	764,511	695,443	69,069	1,682,981
20-Dec	295,827	395,903	(100,075)	81,269	52,484	28,785	771,079	699,789	71,290	1,689,414
13-Dec	289,310	389,637	(100,326)	81,387	54,678	26,709	764,069	690,452	73,618	1,662,521

### Natural Gas Storage

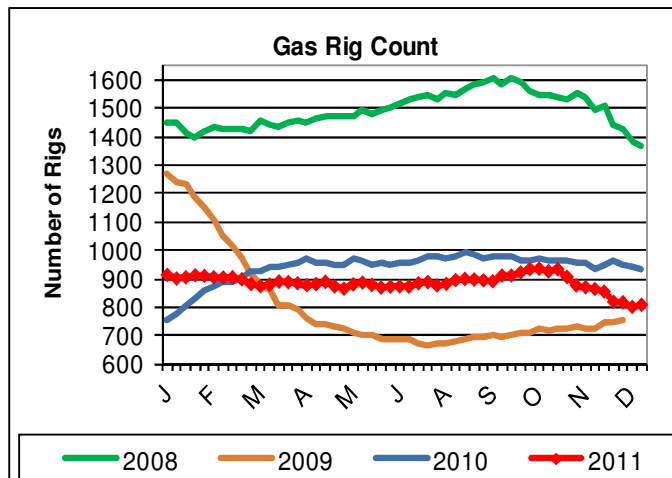
EIA Natural Gas Storage						
Region	12/23/2011 Stocks (Bcf)	12/16/2011 Stocks (Bcf)	Weekly Change (Bcf)	Year Ago Stocks	5 yr. average (BCF)	5 Yr. Comparison (%)
East	1,892	1,945	(53)	1,686	1,706	10.9%
West	451	470	(19)	446	424	6.4%
Producing	1,205	1,214	(9)	1,120	989	21.8%
Total Lower 48	3,548	3,629	(81)	3,251	3,120	4.4%

The Energy Information Administration reported a net withdrawal of 81 Bcf from natural gas storage inventories for the week ending December 23. Inventories ended the week at 3,548 Bcf, which is about 86% full. Natural gas inventories are 428 Bcf over the 5-year average, and are 297 Bcf over the inventory level recorded at this time last year. Source: EIA



### Rig Count

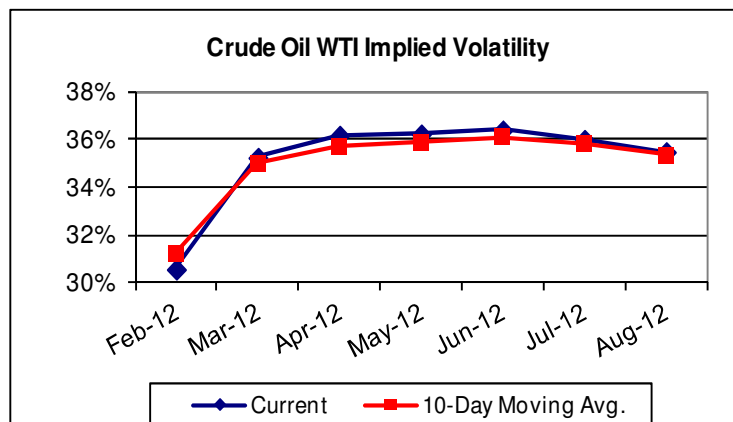
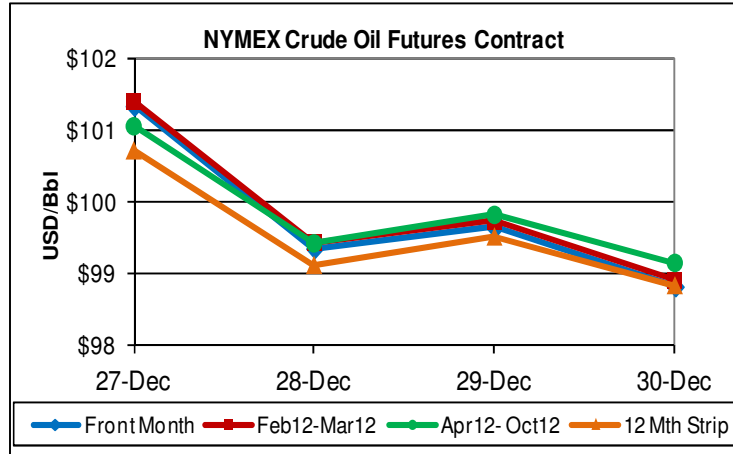
Baker Hughes reported a gas rig count of 809 rigs active on December 29, up by 7 rigs from last week. The number of rigs drilling for oil fell by 8 rigs to 1,193, while the total rig count was down by one rig to 2,007. At this time last year, the overall U.S. rig count was 1,694 with 919 rigs targeting natural gas, and 765 rigs targeting crude oil. Source: Baker Hughes



## Petroleum

### Price Overview

- The February 2012 NYMEX crude oil futures contract ended the week at \$98.83, down \$0.85 from last Friday's settlement price of \$99.68.
- The remaining months of the winter strip (Feb 12-Mar12) settled at \$98.915 and next summer's strip (Apr12-Oct12) settled at \$99.154.
- The 12-month forward strip (Feb12-Jan13) settled at \$98.845; Bal12 (Feb12-Dec12) ended the week at \$98.941 and Cal13 (Jan13-Dec13) ended the week at \$96.16.
- Crude oil prices made a small correction last week, ending the year under \$100 per barrel.
- Markets gave back some of the fear premium generated from a bellicose Iranian reaction to proposed sanctions from the U.S. and EU that would punish Iran for its recently uncovered activities in developing nuclear weaponry.
- Iran's threats to close the Strait of Hormuz seemed hollow upon the realization that Iran, a classic petro-state, depends upon oil revenues to legitimize its current regime, which would quickly collapse if oil revenues were shut off.
- In fact, Iran is desperate to increase its oil revenues, having failed in previous attempts to increase its production, leaving only its ability to manipulate prices by threats and menace. *Source: EIA, Bloomberg, NYMEX, Reuters*

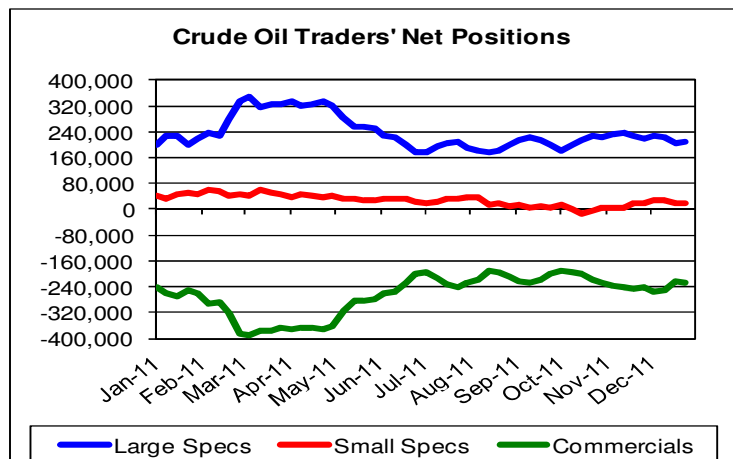


➤ **PRICE UPDATE: The February 2012 NYMEX crude oil futures contract settled at \$102.96, up \$4.53 at the close of today's trading.**

### Commitments of Traders

#### For the week ending December 27:

- Non-commercial (Large Specs) traders increased their long positions by 5,300 contracts to a net long position of 210,278 contracts.
- Small Spec non-commercial traders decreased their long positions by 19 contracts to a net long position 18,327 contracts.
- Commercial traders increased their overall short positions by 5,282 to a net short position of 228,605 contracts.
- Market open interest totaled 2,241,970 contracts, up 34,442 contracts from the previous week. *Source: CFTC*



	Crude Oil NYMEX Futures and Options Combined									
	Large Specs			Small Specs			Commercials			Open Interest
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
27-Dec	322,502	112,224	210,278	87,749	69,422	18,327	1,084,353	1,312,958	(228,605)	2,241,970
20-Dec	313,657	108,679	204,978	85,038	66,692	18,346	1,079,960	1,303,283	(223,323)	2,207,528
13-Dec	329,705	106,039	223,666	102,003	76,251	25,752	1,088,560	1,337,978	(249,418)	2,320,348

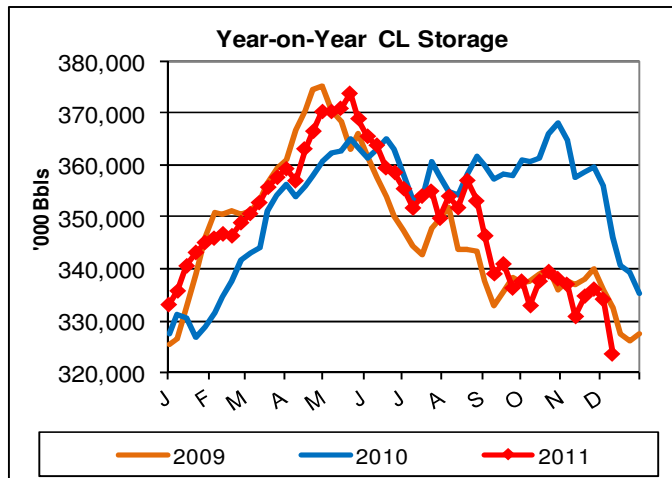
### Storage, Imports, & Refining

Crude Oil & Petroleum Products Storage									
	12/23/2011		12/16/2011		Weekly Change		Weekly Change (%)		
	DOE	API	DOE	API	DOE	API	DOE	API	
Crude Oil	327,480	339,597	323,581	330,027	3,899	9,570	1.20%	2.9%	
Gasoline	217,714	215,713	218,406	213,854	(692)	1,859	-0.3%	0.9%	
Distillate	140,354	140,158	139,149	139,604	1,205	554	0.9%	0.4%	
Residual	39,050	38,196	38,660	37,440	390	756	1.0%	2.0%	

Crude Oil & Petroleum Products Storage				
	Annual Change (%)		5 yr. Comparison (%)	
	DOE	API	DOE	API
Crude Oil	-4.7%	-1.4%	0.8%	4.0%
Gasoline	1.7%	-4.9%	-3.5%	1.2%
Distillate	-13.6%	-13.9%	-5.6%	-4.8%
Residual	-3.2%	-6.7%	2.0%	0.8%

#### For the week ending December 23, 2011:

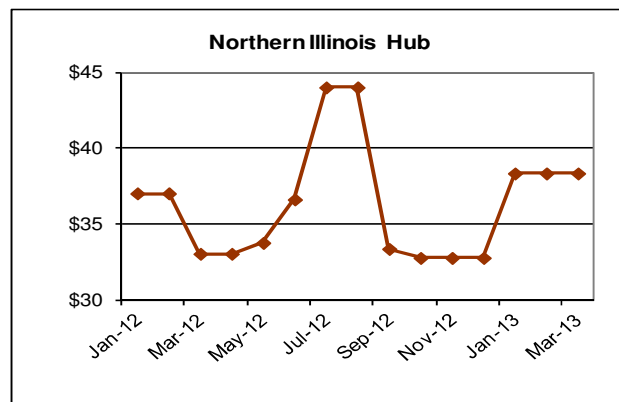
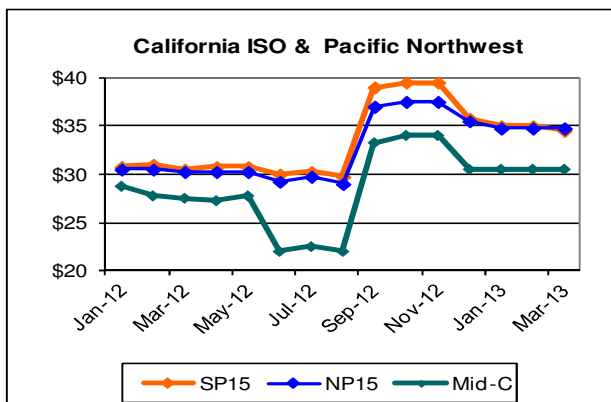
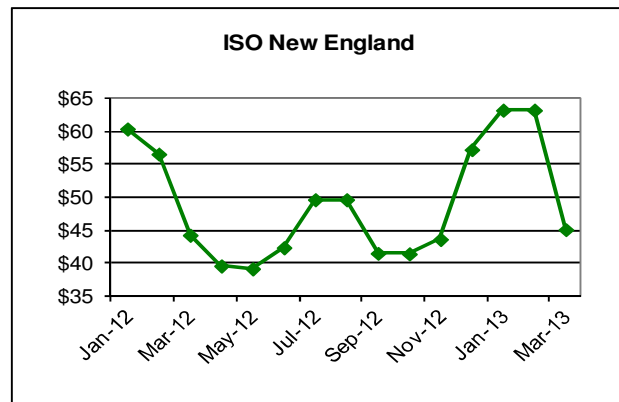
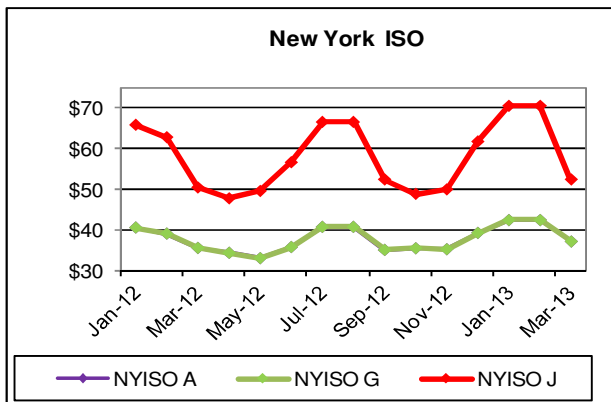
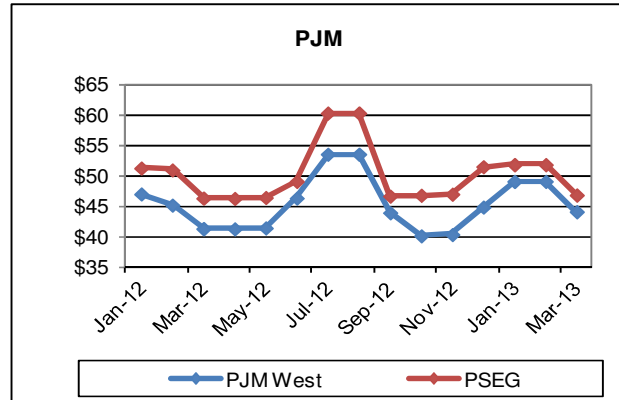
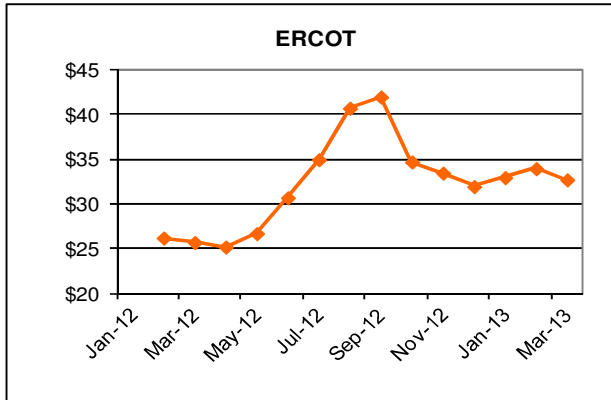
- Inventories of crude oil rose by 3.9 million barrels to end the week at 327.5 million barrels.
- Motor gasoline stocks fell by 0.7 million barrels to 217.7 million barrels.
- Distillate fuel oil inventories rose by 1.2 million barrels, to 140.4 million barrels.
- Residual fuel oil stocks rose by 0.4 million barrels to 39.1 million barrels.
- Strategic Petroleum Reserve (SPR) stocks were unchanged at 696.0 million barrels.
- Refinery inputs averaged 14.6 million barrels per day, down 19,000 barrels per day from last week.
- Refineries operated at 84.2% capacity, down 0.7% from last week.
- The U.S. imported 9.0 million barrels of crude oil per day, up 1.4 million barrels per day from last week.
- Motor gasoline imports averaged 525,000 barrels per day, down from 601,000 barrels per day last week.
- Imports of distillate fuels averaged 166,000 barrels per day, up from 128,000 barrels per day from last week. *Source: EIA*



# Electricity

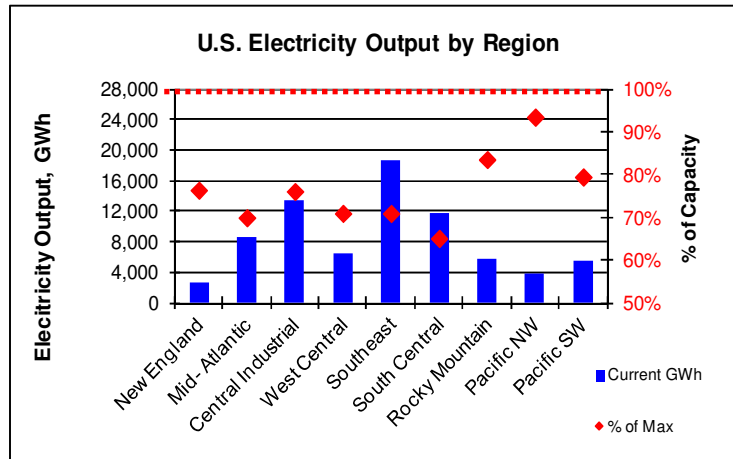
## Prices

Northeast and Midwestern daily power prices rose sharply at the end of the week on forecasts for cold weather arriving over the New Year's weekend. ERCOT dailies were flat on the week. In the West, dailies were lower on changing weather and declining holiday demand. Forward prices were lower on falling NYMEX gas futures prices.



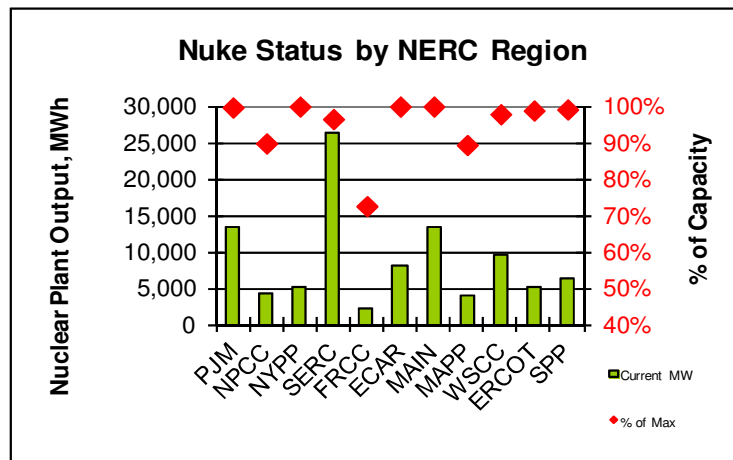
### U. S. Electric Output and Capacity

For the week ending December 23, total U.S. electric output was 76,170 Gigawatt hours, or 73.1% of combined maximum regional capacity. Last week, U.S. electric output was 78,021 GWh, and last year at this time, 80,752 GWh.



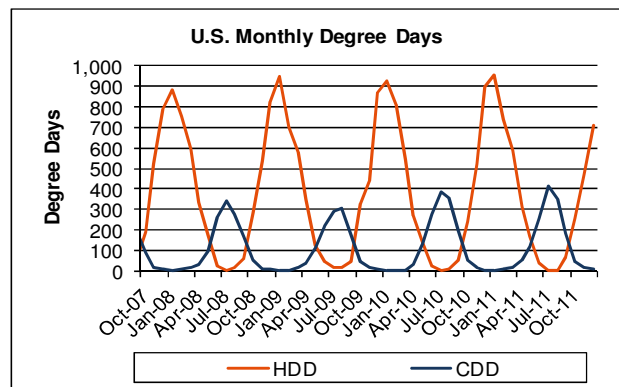
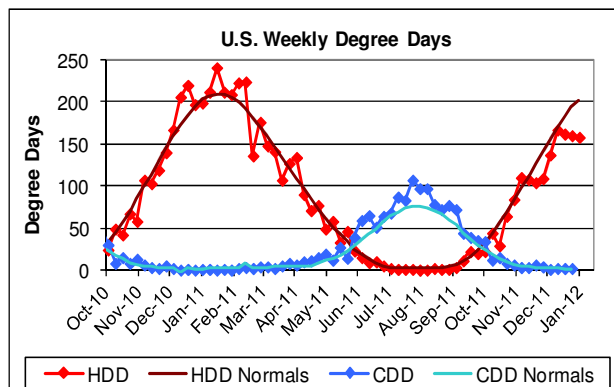
### Nuclear Facilities Status

Nuclear plant outages total 3,090 MW, or 3.1% of U.S. capacity, with 97,673 MW of nuclear generation capacity presently available nationwide. *Source: Nuclear Regulatory Commission*



### Degree Days

For the week ending December 31, 2011, heating degree days (HDD) totaled 158 which is **13% below normal**, and is **21% under last year**. Cumulative HDD's for the current heating season (Nov11-Mar12) are **13% below normal**, and are **12% under last year's** heating season (Nov10-Mar11). For the week, cooling degree days (CDD) totaled 1. For the 2011 cooling season (Mar11 – Oct11), CDD's were 22% above normal and were 1% over last year.



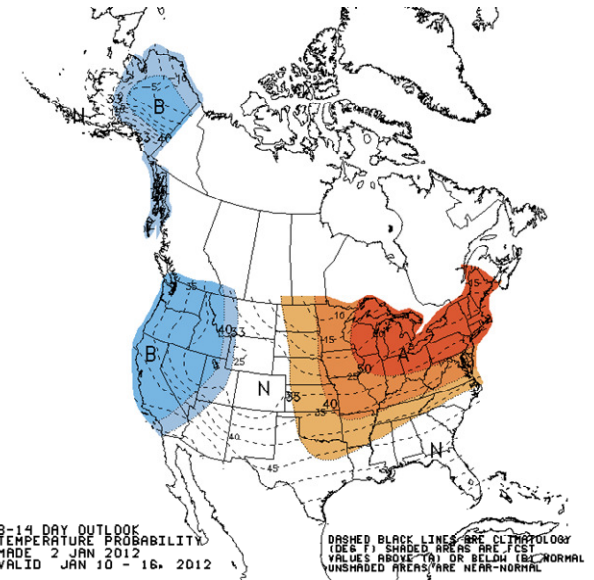
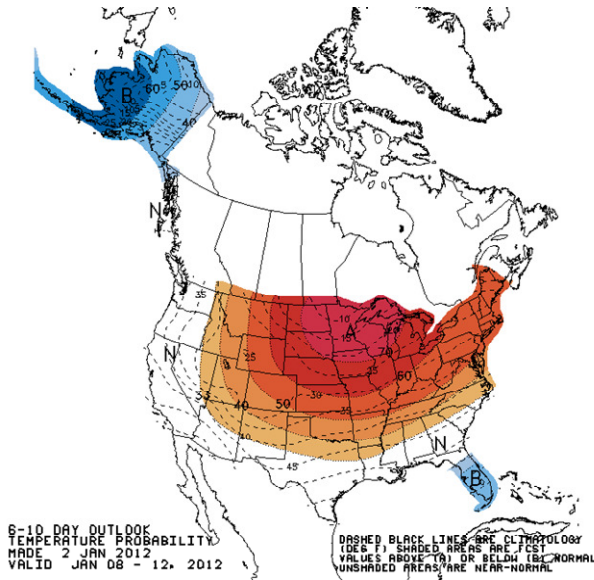
For **December 2011**, a total of 713 HDD's were recorded, which is **13% below normal**, and is **21% under last year**. Year-to-date seasonal HDD's (Nov11- Mar12) are **13% below normal**, and are **12% under last year**. December 2011 monthly CDD's totaled 8. Cumulative CDD's recorded for the recently ended season, (Apr11-Oct11) were **22% above normal** and were **1% higher than last year**. *Source: NOAA*

**Weather**

**1-5 day summary:** Temperature profiles across the country are neatly divided at the Mississippi River, with all states to the east experiencing much colder than normal temperatures and all states to the west of the mighty river experiencing much warmer than normal temperatures. As the week progresses, the warmer air mass will move the colder air away, and by the end of the week most of the country will have warmer than normal temperatures. The Northeast and Midwest will be much warmer than normal, while the temperatures in South will range from cooler than normal in Florida to warmer than normal in the Upper South. Temperatures in the Plains States will be warmer than normal, while temperatures in the far West will be seasonable.

**6-10 Day Outlook**

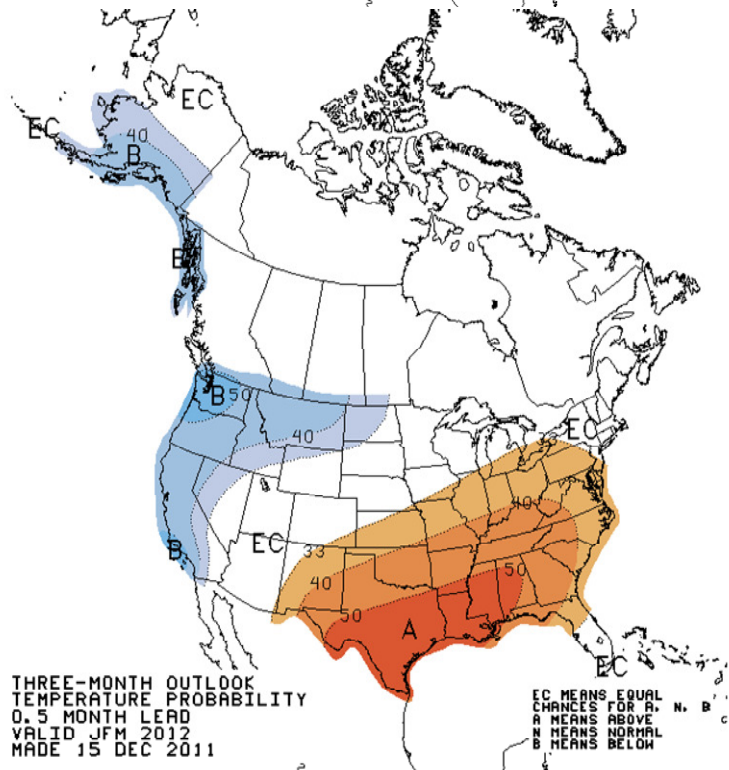
**8-14 Day Outlook**



Source: NWS and private forecasts

**NOAA Three-Month (January, February, and March) Temperature Outlook issued 12/15/2011**

The National Oceanic and Atmospheric Administration's outlook for January, February, and March calls for warmer to much-warmer-than-normal temperatures in the Southeast and Texas and warmer than normal temperatures in the Mid-Atlantic and the Ohio Valley. The Northeast, Great Lakes States and Central Plains will experience seasonable temperatures. Normal to cooler-than-normal temperatures are called for in the West, and the upper Midwest, with normal to warmer-than-normal temps in the Northern Plains. Source: National Weather Service Climate Prediction Center



## The Economy

Stock markets finished 2011 with mixed results. The blue chip Dow gained 640 points, up 5.5% on the year. The broader-based S&P fell only 0.04 points lower, or within 0.01% of last year, and the NASDAQ fell 48 points, or 1.8% during 2011. For the week, the Dow fell 76 points to end the week (and 2011) at 12,218, up 3.6%, while the S&P 500 lost 8 points to end the week at 1,258, down 0.4%. The NASDAQ composite index fell 13 points, ending the week at 2,605, down 0.5%.

Date	Statistic	For	Actual	Market Expects	Prior	Revised From	Next Release
12/7	Consumer Credit	Oct	\$7.6B	\$7.0B	\$6.9B	-	1/9
12/9	Trade Balance	Oct	-\$43.5B	-\$44.0B	-\$44.2B	-	1/13
12/12	Treasury Budget	Nov	\$ (137.30)	-\$139.0B	-\$150.4B	-	1/12
12/9	Mich Sentiment	Dec	67.7	63.0	64.1	-	1/11
12/13	Retail Sales	Nov	0.2%	0.8%	0.6%	-	1/12
12/15	Industrial Production	Nov	-0.2%	-0.1%	0.7%	-	1/18
12/15	Capacity Utilization	Nov	77.8%	77.7%	78.0%	-	1/18
12/15	PPI	Nov	0.3%	0.1%	-0.3%	-	1/18
12/15	Core PPI	Nov	0.1%	0.0%	0.0%	-	1/18
12/20	Housing Starts	Nov	685K	600K	627K	-	1/19
12/22	Leading Indicators	Nov	0.5%	0.3%	0.9%	-	1/26
12/16	CPI	Nov	0.0%	0.1%	-0.1%	-	1/19
12/16	Core CPI	Nov	0.2%	0.1%	0.1%	-	1/19
12/23	New Home Sales	Nov	315K	315K	310K	-	1/26
12/21	Existing Home Sales	Nov	4.42M	5.20M	4.25M	-	1/20
12/23	Durable Orders	Nov	3.8%	3.2%	0.0%	-	1/26
12/23	Personal Income	Nov	0.1%	0.0%	0.4%	-	1/30
12/23	Personal Spending	Nov	0.1%	0.4%	0.1%	-	1/30
11/29	Consumer Confidence	Nov	56	44	40.9	-	12/27
12/5	Factory Orders	Oct	-0.4%	-0.6%	-0.1%	-	1/4
12/5	ISM Services	Nov	52	53	52.9	-	1/5
12/1	ISM Index	Nov	52.7	50.5	50.8	-	1/3
12/1	Construction Spending	Oct	0.8%	0.2%	0.2%	-	1/3
12/5	ISM Services	Nov	52.0	53.0	52.9	-	1/5
12/2	Nonfarm Payrolls	Nov	120K	75K	100K	-	1/6
12/2	Nonfarm Private Payrolls	Nov	140K	110K	117K	-	1/6
12/2	Unemployment Rate	Nov	8.6%	9.0%	9.0%	-	1/6
12/2	Hourly Earnings	Nov	-0.1%	0.2%	0.2%	-	1/6
12/2	Average Workweek	Nov	34.3	34.3	34.3	-	1/6
11/30	Productivity-Rev.	Q3	2.3%	2.6%	3.1%	-	
12/22	GDP - Third Estimate	Q3	1.8%	2.0%	2.0%	-	1/27
12/22	GDP Deflator - Third Estimate	Q3	2.6%	2.5%	2.5%	-	1/27

Source: MSN Money, Briefing.com

## Mobius Risk Group

Mobius Risk Group provides our clients with independent commodity advisory services, and unbiased and innovative enterprise-wide energy management solutions to reduce business uncertainty and improve bottom-line financial performance. Our experts work with our clients to improve energy-buying decisions, reduce energy consumption, improve operations, and reduce ongoing energy market risk. Mobius is a Houston-based energy advisory business with a sales office in Chicago. Client references are available upon request. For more information, contact us at (713) 877-0404 or visit our web site at [www.mobiusriskgroup.com](http://www.mobiusriskgroup.com).

The information in this report is purely the opinion of the author, as of the date of this report, and does not represent a recommendation to buy or sell by the author or by Mobius Risk Group, LLC. Information and data have been obtained from sources considered to be reliable; however, Mobius Risk Group LLC does not guarantee that the information is accurate or complete.