



# The Mobius Report

January 9, 2011

## Natural Gas

### Price Overview

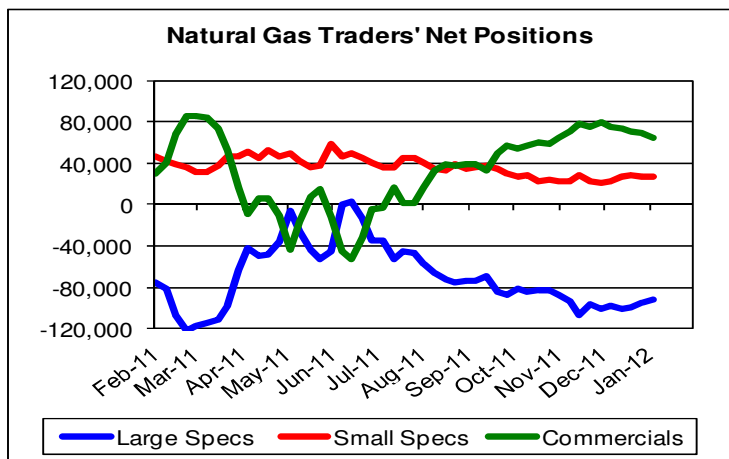
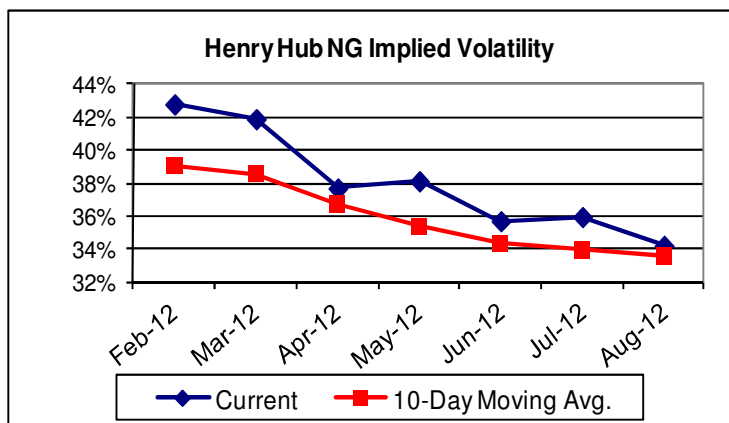
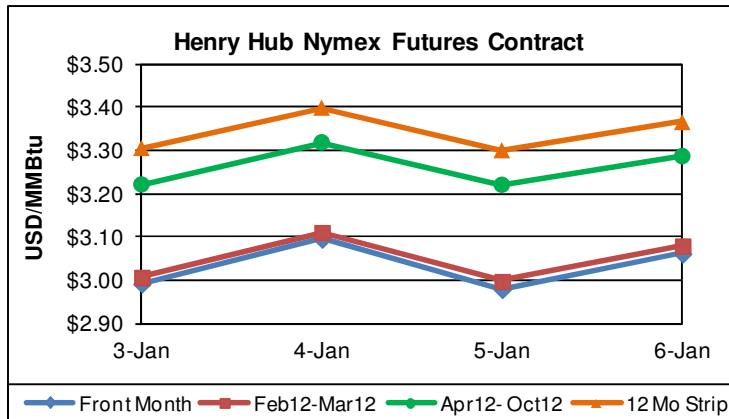
- The February 2012 NYMEX natural gas futures contract ended the week at \$3.062, up \$0.073 from last week's settlement price of \$2.989.
  - The remaining months of winter strip (Feb12- Mar12) settled at \$3.080 and next summer's strip (Apr12-Oct12) ended the week at \$3.287.
  - The 12-month forward strip (Feb12-Jan13) ended the week at \$3.366; Bal12 (Jan12-Dec12) ended at \$3.316, and Cal13 (Jan13-Dec13) settled at \$3.966.
  - Cash prices ended the week at \$2.855, down 10¢ from last Friday's price of \$2.985 at Henry Hub.
  - Natural Gas prices continued to fall, as unseasonably warm weather extended into the New Year, driving down demand and driving up storage inventories, which now stand 356 bcf greater than last year's record levels.
  - The sustained warm weather has reduced electricity demand in the U.S. by about 10% from last year, impacting natural gas demand for generation fuel.
  - New forecasts for colder weather in much of the nation over the next two weeks should stabilize gas prices in the near term.
- Source: NYMEX.

➤ **PRICE UPDATE: The February 2012 NYMEX natural gas futures contract settled at \$3.011, down 5¢ at the close of today's trading.**

### Commitments of Traders

#### For the week ending January 3:

- Non-commercial (Large Spec) traders decreased their net short positions by 2,999 contracts to a net short position of 92,641 contracts.



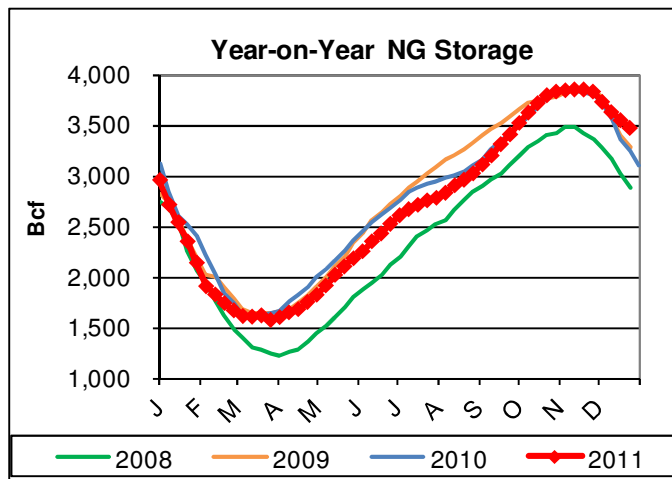
- Non-commercial traders (Small Specs) increased their long positions by 935 contracts to a net long position of 27,551.
  - Commercial traders decreased their long positions by 3,978 contracts to a net long position of 65,091 contracts.
  - The market's overall holdings fell by 22,029 contracts, to end the week with 1,660,952 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	
3-Jan	300,674	393,316	(92,641)	82,907	55,357	27,551	725,892	660,802	65,091	1,660,952
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

### Natural Gas Storage

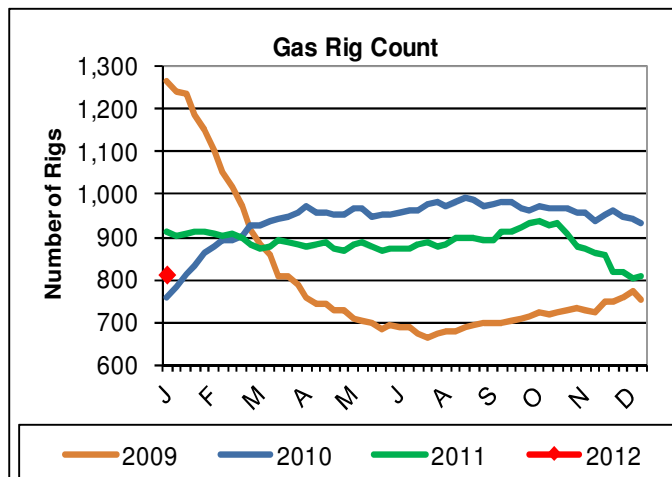
EIA Natural Gas Storage						
Region	12/30/2011 Stocks (Bcf)	12/23/2011 Stocks (Bcf)	Weekly Change (Bcf)	Year Ago Stocks	5 yr. average (BCF)	5 Yr. Comparison (%)
East	1,830	1,892	(62)	1,602	1,637	11.8%
West	447	451	(4)	430	408	9.6%
Producing	1,195	1,205	(10)	1,084	969	23.3%
Total Lower 48	3,472	3,548	(76)	3,116	3,014	4.4%

The Energy Information Administration reported a net withdrawal of 76 Bcf from natural gas storage inventories for the week ending December 30. Inventories ended the week at 3,472 Bcf, which is about 85% full. Natural gas inventories are 458 Bcf over the 5-year average, and are 356 Bcf over the inventory level recorded at this time last year. Source: EIA



### Rig Count

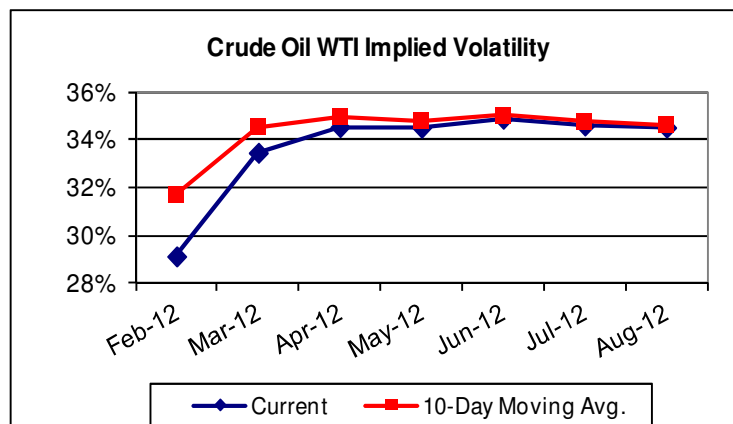
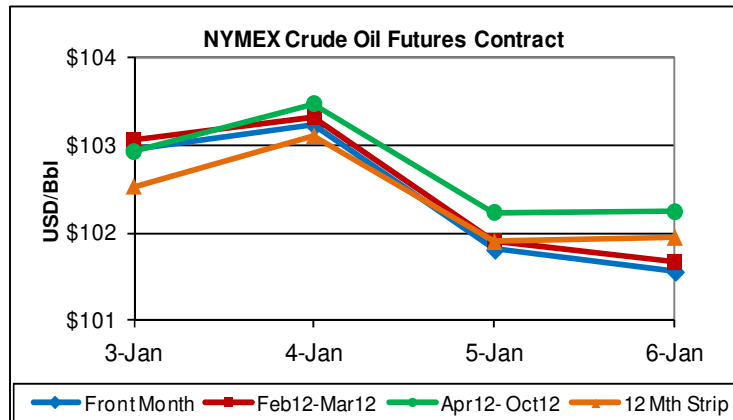
Baker Hughes reported a gas rig count of 811 rigs active on January 6, up by two rigs from last week. The number of rigs drilling for oil fell by two rigs to 1,191, while the total rig count was unchanged at 2,007. At this time last year, the overall U.S. rig count was 1,661 with 914 rigs targeting natural gas, and 777 rigs targeting crude oil. Source: Baker Hughes



## Petroleum

### Price Overview

- The February 2012 NYMEX crude oil futures contract ended the week at \$101.56, up \$2.73 from last Friday's settlement price of \$98.83.
- The remaining months of the winter strip (Feb 12-Mar12) settled at \$101.67 and next summer's strip (Apr12-Oct12) settled at \$102.239.
- The 12-month forward strip (Feb12-Jan13) settled at \$101.946; Bal12 (Feb12-Dec12) ended the week at \$102.014 and Cal13 (Jan13-Dec13) ended the week at \$99.768.
- Crude oil prices rose on decidedly mixed market signals.
- Increased fears of a European recession accompanied by falling oil demand, a weak Euro, and a relatively stronger dollar were offset by greater anxiety over Middle East geopolitics.
- The U.S. has begun implementing severe banking restrictions on Iran companies and companies doing business with Iran, while European governments have agreed in principle to an embargo on Iranian oil imports to be implemented at a January 30th meeting of EU foreign ministers.
- The U.S. imports no oil from Iran, while European nations import about 450,000 barrels per day out of Iran's total exports of 2.6 million barrels per day. *Source: EIA, Bloomberg, NYMEX, Reuters*

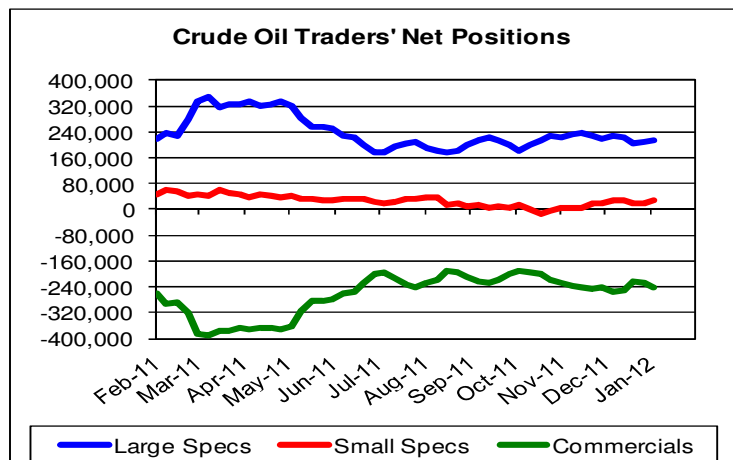


➤ **PRICE UPDATE: The February 2012 NYMEX crude oil futures contract settled at \$101.31, down 25¢ at the close of today's trading.**

### Commitments of Traders

#### For the week ending January 3:

- Non-commercial (Large Specs) traders increased their long positions by 4,097 contracts to a net long position of 214,375 contracts.
- Small Spec non-commercial traders increased their long positions by 8,168 contracts to a net long position 26,495 contracts.
- Commercial traders increased their overall short positions by 12,265 to a net short position of 240,870 contracts.
- Market open interest totaled 2,319,687 contracts, up 77,717 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	
3-Jan	327,296	112,921	214,375	96,061	69,566	26,495	1,091,985	1,332,855	(240,870)	2,319,687
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

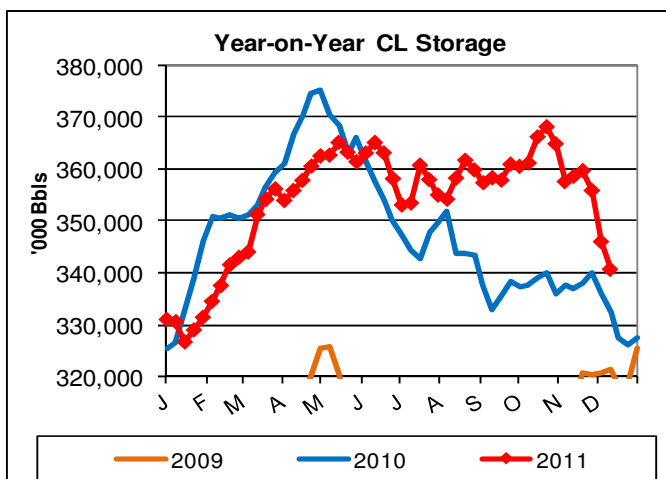
## Storage, Imports, & Refining

Crude Oil & Petroleum Products Storage									
	12/30/2011		12/23/2011		Weekly Change		Weekly Change (%)		
	DOE	API	DOE	API	DOE	API	DOE	API	
Crude Oil	329,689	334,478	327,480	339,597	2,209	(5,119)	0.67%	-1.3%	
Gasoline	220,193	219,095	217,714	215,713	2,479	3,382	1.1%	1.6%	
Distillate	143,578	145,403	140,354	140,158	3,224	5,245	2.3%	3.7%	
Residual	36,398	35,739	39,050	38,196	(2,652)	(2,457)	-6.8%	-6.4%	

Crude Oil & Petroleum Products Storage				
	Annual Change (%)		5 yr. Comparison (%)	
	DOE	API	DOE	API
Crude Oil	-2.3%	-0.8%	0.9%	4.5%
Gasoline	-0.2%	8.8%	-3.1%	1.2%
Distillate	-13.4%	-11.8%	-3.3%	-3.2%
Residual	0.4%	-13.0%	-6.1%	-7.9%

### For the week ending December 30, 2011:

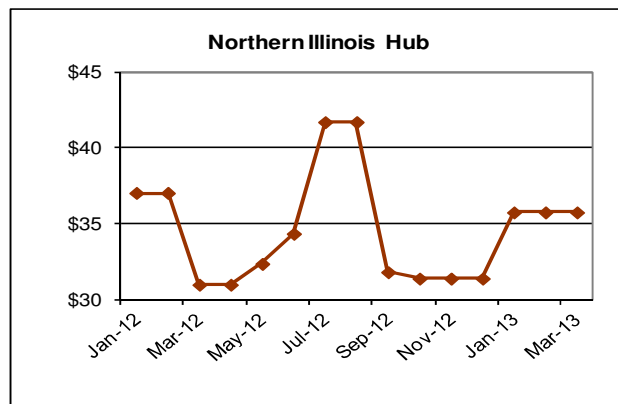
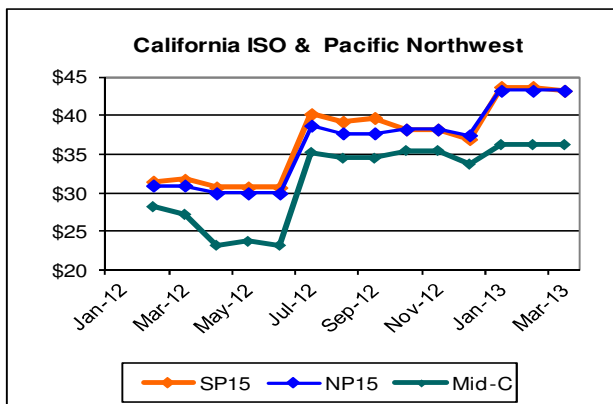
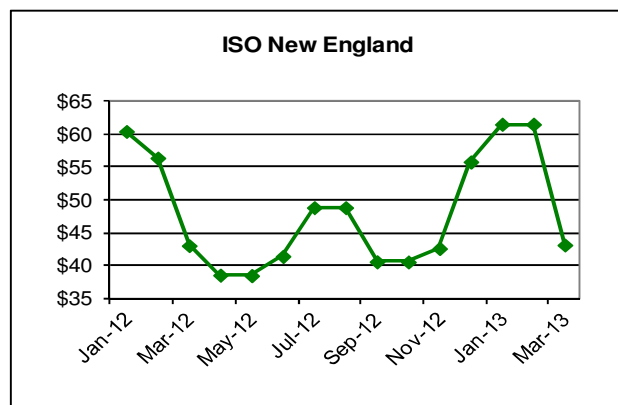
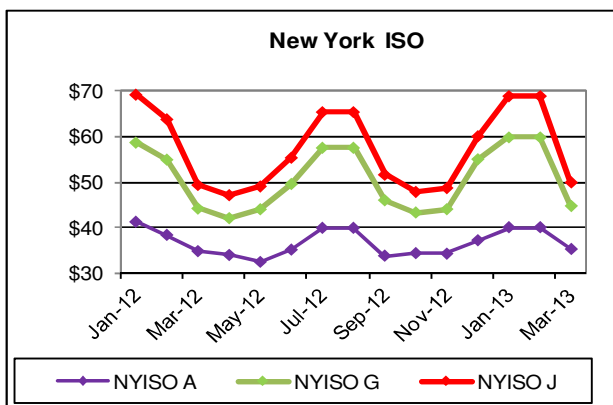
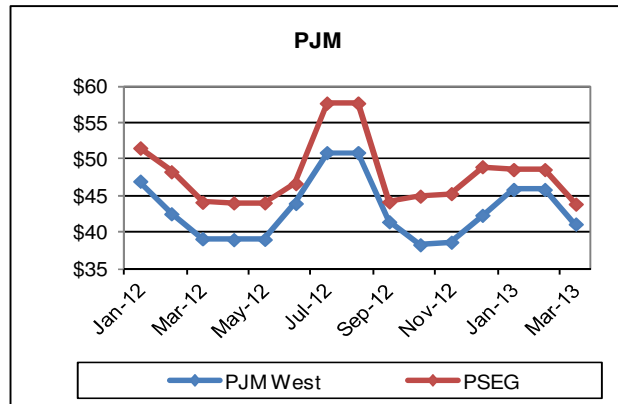
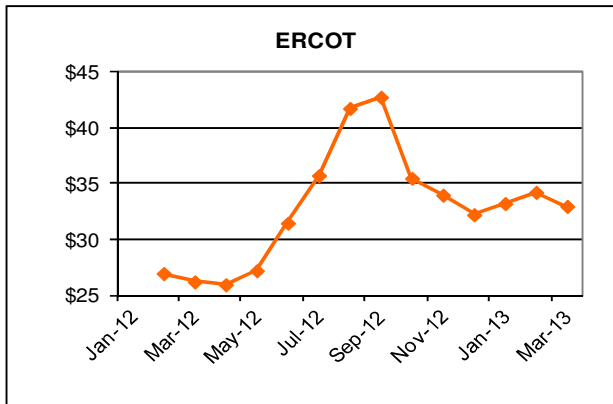
- Inventories of crude oil rose by 2.2 million barrels to end the week at 329.7 million barrels.
- Motor gasoline stocks rose by 2.5 million barrels to 220.2 million barrels.
- Distillate fuel oil inventories rose by 3.2 million barrels, to 143.6 million barrels.
- Residual fuel oil stocks fell by 2.7 million barrels to 36.4 million barrels.
- Strategic Petroleum Reserve (SPR) stocks were unchanged at 696.0 million barrels.
- Refinery inputs averaged 14.8 million barrels per day, up 171,000 barrels per day from last week.
- Refineries operated at 85.0% capacity, up 0.8% from last week.
- The U.S. imported 9.0 million barrels of crude oil per day, up by 34,000 barrels per day from last week.
- Motor gasoline imports averaged 734,000 barrels per day, up from 525,000 barrels per day last week.
- Imports of distillate fuels averaged 229,000 barrels per day, up from 166,000 barrels per day from last week. *Source: EIA*



# Electricity

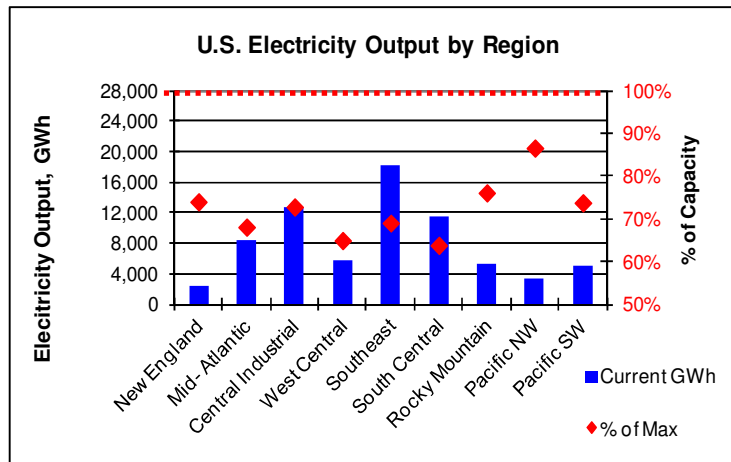
## Prices

Northeast and Midwestern daily power prices fell sharply mid week as warmer-than-normal temperatures replaced last week's colder weather. ERCOT dailies were lower on the week. In the West, dailies were mixed on changing weather. Forward prices were higher on rising NYMEX gas futures prices.



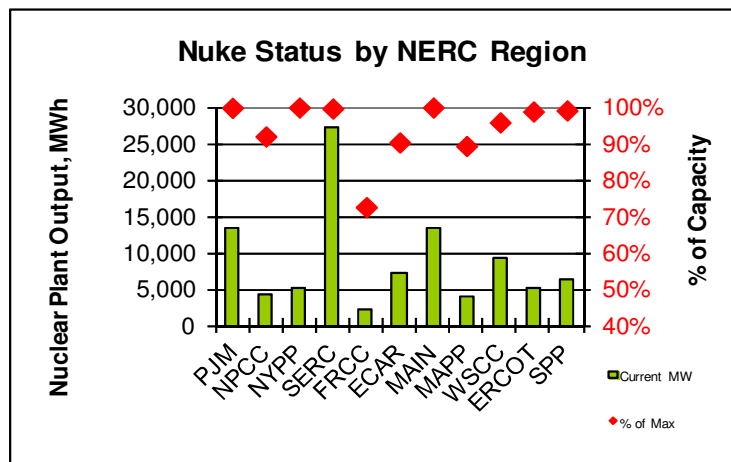
### U. S. Electric Output and Capacity

For the week ending December 30, total U.S. electric output was 72,841 Gigawatt hours, or 69.9% of combined maximum regional capacity. Last week, U.S. electric output was 76,170 GWh, and last year at this time, 80,486 GWh.



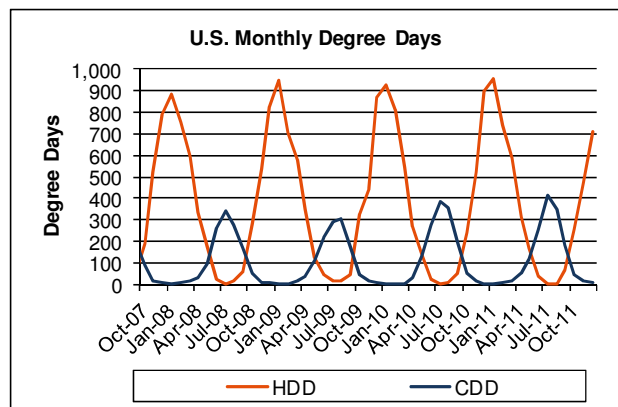
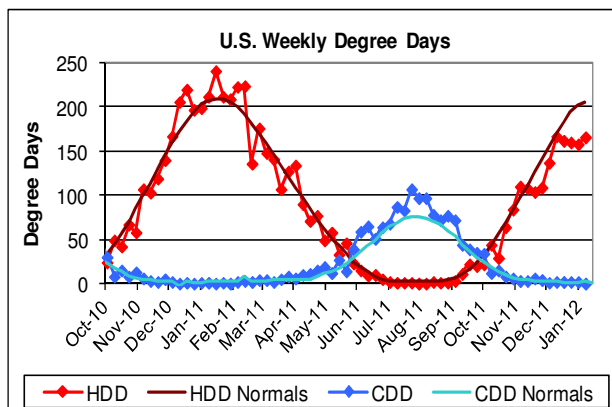
### Nuclear Facilities Status

Nuclear plant outages total 3,039 MW, or 3.0% of U.S. capacity, with 97,723 MW of nuclear generation capacity presently available nationwide. Source: Nuclear Regulatory Commission



### Degree Days

For the week ending January 7, 2012, heating degree days (HDD) totaled 175 which is **19% below normal**, and is **18% under last year**. Cumulative HDD's for the current heating season (Nov11-Mar12) are **13% below normal**, and are **13% under last year's** heating season (Nov10-Mar11). For the week, cooling degree days (CDD) totaled two.



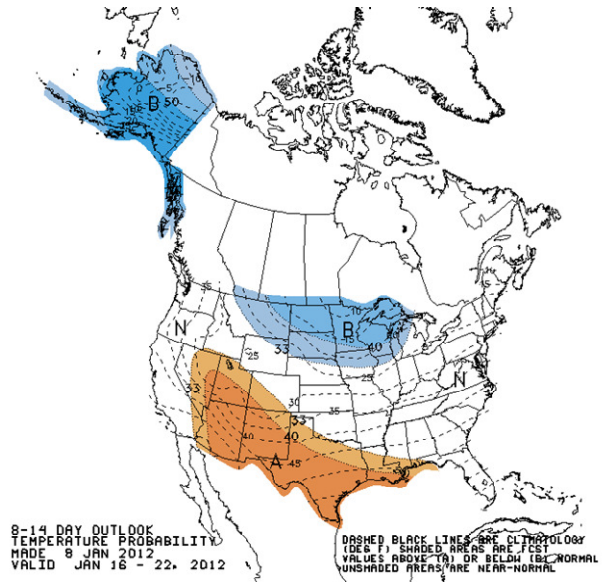
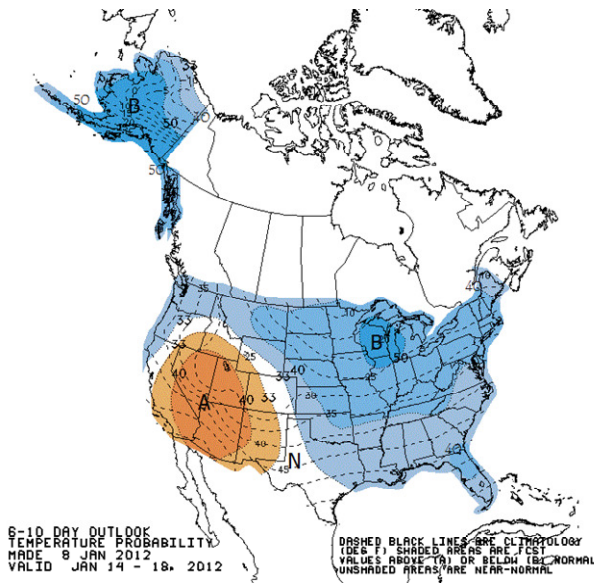
For **December 2011**, a total of 713 HDD's were recorded, which is **13% below normal**, and is **21% under last year**. Year-to-date seasonal HDD's (Nov11- Mar12) are **13% below normal**, and are **12% under last year**. December 2011 monthly CDD's totaled 8. Cumulative CDD's recorded for the recently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

**Weather**

**1-5 day summary:** Most of the country is experiencing unseasonably warm temperatures with the exception of the Desert Southwest and West Texas, where temperatures are normal to colder than normal. As the week progresses, temperatures will return to seasonal norms and wind up cooler than normal by the end of the week in much of the U.S. Temperatures in the Northeast and Midwest will turn cold by Thursday or Friday, while temperatures in the South will go below normal by early next week. In the West and Desert Southwest, normal to warmer-than-normal temps are forecasted.

**6-10 Day Outlook**

**8-14 Day Outlook**

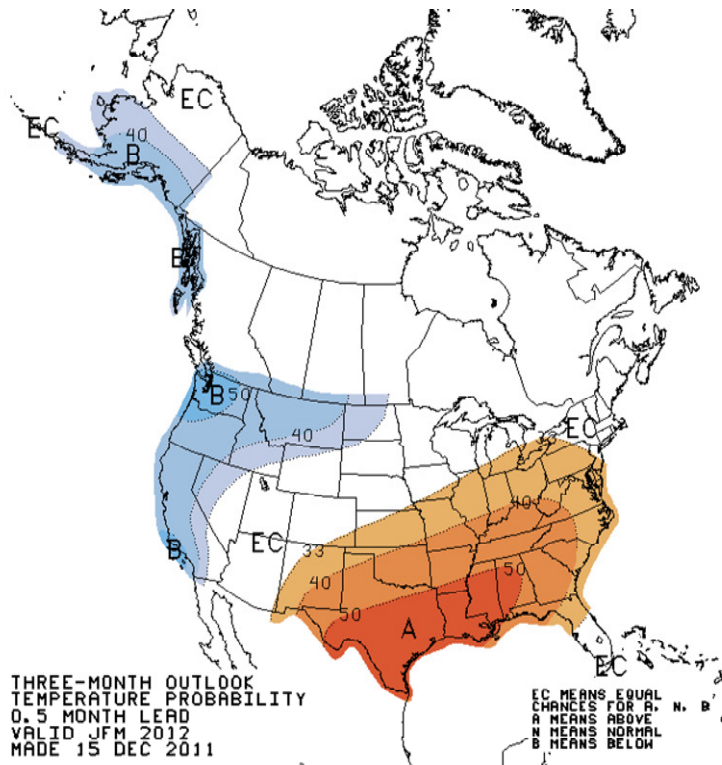


Source: NWS and private forecasts

**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 posted gains for the week, riding a rally from the first day of 2012 trading. Fears of a European recession made investors cautious, even as the unemployment rate dropped to 8.5% and 212,000 new jobs were created in the private sector. Government employment dropped by 12,000 jobs, leaving a net 200,000 jobs overall. For the week, the Dow rose 142 points to end the week at 12,360, up 1.2%, while the S&P 500 gained 20 points to end the week at 1,278, up 1.6%. The NASDAQ composite index rose 69 points, ending the week at 2,674, up 2.7%.

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
12/27	Consumer Confidence	Dec	64.5	60	55.2	-	1/31
12/29	Chicago PMI	Dec	62.5	59	62.6	-	1/31
1/4	Factory Orders	Nov	1.8%	2.6%	-0.2%	-	2/3
1/3	ISM Index	Dec	53.9	53.2	52.7	-	2/1
1/3	Construction Spending	Nov	1.2%	0.2%	-0.2%	-	2/1
1/5	ISM Services	Dec	52.6	53.0	52.0	-	2/3
1/6	Nonfarm Payrolls	Dec	200K	165K	100K	-	2/3
1/6	Nonfarm Private Payrolls	Dec	212K	200K	120K	-	2/3
1/6	Unemployment Rate	Dec	8.5%	8.7%	8.7%	-	2/3
1/6	Hourly Earnings	Dec	0.2%	0.1%	0.0%	-	2/3
1/6	Average Workweek	Dec	34.4	34.3	34.3	-	2/3
11/30	Productivity-Rev.	Q3	2.3%	2.6%	3.1%	-	2/2
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).

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