



The Mobius Report

December 27, 2011

Natural Gas

Price Overview

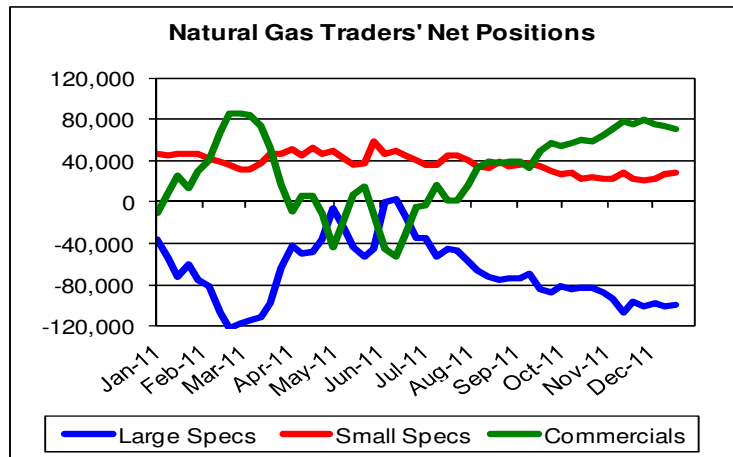
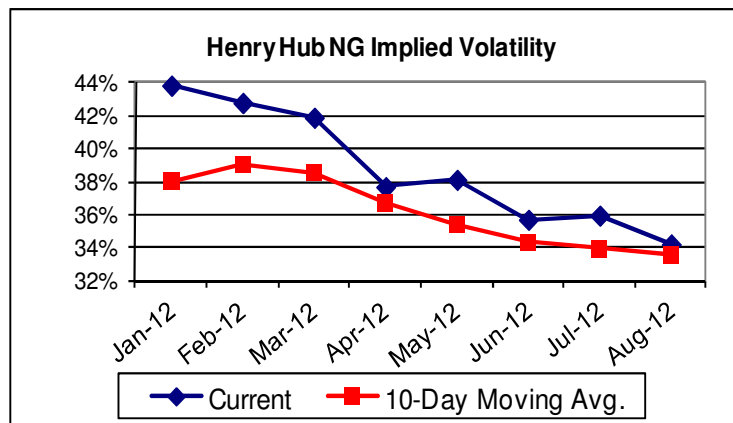
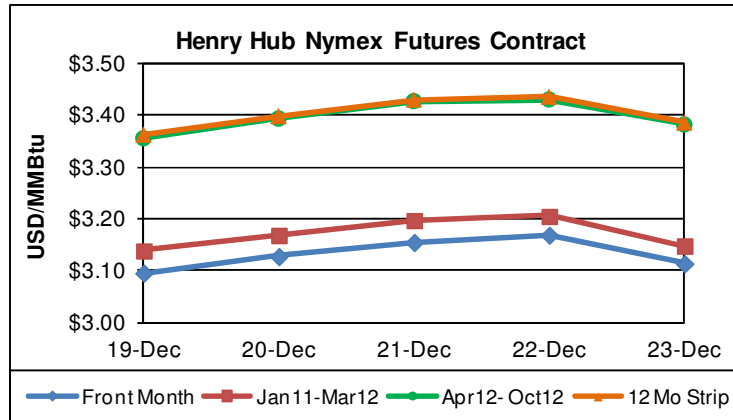
- The January 2012 NYMEX natural gas futures contract ended the week at \$3.114, down \$0.013 from last week's settlement price of \$3.127.
- The remaining months of winter strip (Jan12- Mar12) settled at \$3.148 and next summer's strip (Apr12-Oct12) ended the week at \$3.381.
- The 12-month forward strip and Cal12 (Jan12- Dec12) ended the week at \$3.385; Cal13 (Jan13-Dec13) settled at \$4.050.
- Cash prices ended the week at \$2.975, down 4¢ from last Friday's price of \$3.015 at Henry Hub.
- Natural Gas prices continued to fall as longer term forecasts called for sustained warmer than normal temperatures across much of the country well into the New Year.
- Storage inventories now stand at 387 bcf over the 5-year average and 235 bcf greater than last year.
- With each passing week, the potential for a sustained draw on production capacity and a significant drawdown of storage inventories becomes more remote, with the current oversupplied market providing a buffer against the development of a major winter price rally. *Source: NYMEX.*

➤ **PRICE UPDATE: The January 2012 NYMEX natural gas futures contract settled at \$3.112, down 0.2¢ at the close of today's trading.**

Commitments of Traders

For the week ending December 20:

- Non-commercial (Large Spec) traders decreased their net short positions by 251 contracts to a net short position of 100,075 contracts.
- Non-commercial traders (Small Specs) increased their long positions by 2,077 contracts to a net long position of 28,785.



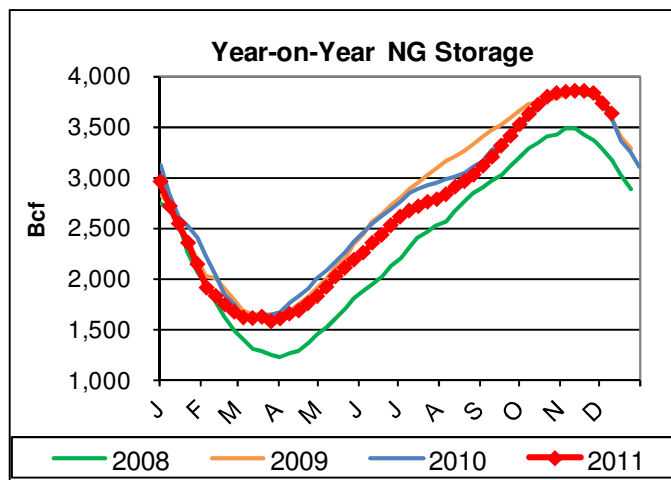
- Commercial traders decreased their long positions by 2,328 contracts to a net long position of 71,290 contracts.
 - The market's overall holdings rose by 26,893 contracts, to end the week with 1,689,414 open contracts.
- Source: CFTC

	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	
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
6-Dec	286,804	384,399	(97,595)	77,122	54,030	23,092	731,790	657,287	74,503	1,596,487

Natural Gas Storage

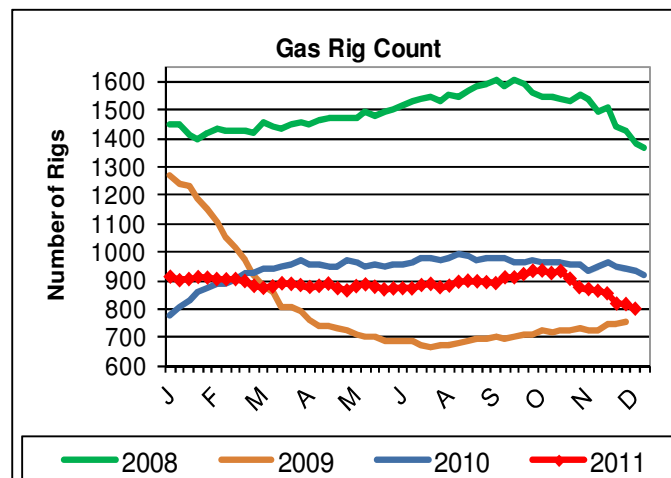
EIA Natural Gas Storage						
Region	12/16/2011 Stocks (Bcf)	12/9/2011 Stocks (Bcf)	Weekly Change (Bcf)	Year Ago Stocks	5 yr. average (BCF)	5 Yr. Comparison (%)
East	1,945	2,008	(63)	1,791	1,788	8.8%
West	470	493	(23)	48	442	6.3%
Producing	1,214	1,228	(14)	1,146	1,012	20.0%
Total Lower 48	3,629	3,729	(100)	3,394	3,242	4.4%

The Energy Information Administration reported a net withdrawal of 100 Bcf from natural gas storage inventories for the week ending December 16. Inventories ended the week at 3,629 Bcf, which is about 88% full. Natural gas inventories are 387 Bcf over the 5-year average, and are 235 Bcf over the inventory level recorded at this time last year. Source: EIA



Rig Count

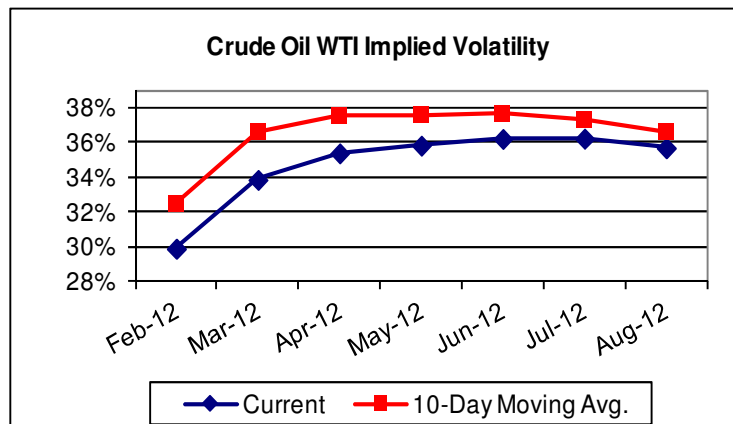
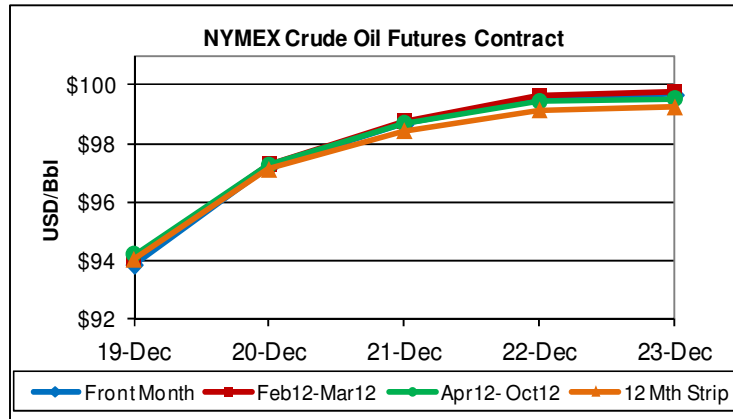
Baker Hughes reported a gas rig count of 802 rigs active on December 23, down 16 rigs from last week. The number of rigs drilling for oil rose by 5 rigs to 1,201, while the total rig count was down by 11 rigs to 2,008. At this time last year, the overall U.S. rig count was 1,714 with 931 rigs targeting natural gas, and 771 rigs targeting crude oil. Source: Baker Hughes



Petroleum

Price Overview

- The January 2012 NYMEX crude oil futures contract terminated trading on Tuesday at a final settlement price of \$97.22.
- The February 2012 contract ended the week at \$99.68, up \$5.93 from last Friday's Feb12 settlement price of \$93.75.
- The remaining months of the winter strip (Feb 12-Mar12) settled at \$99.755 and next summer's strip (Apr12-Oct12) settled at \$99.54.
- The 12-month forward strip (Feb12-Jan13) settled at \$99.248; Bal12 (Feb12-Dec12) ended the week at \$99.369 and Cal13 (Jan13-Dec13) ended the week at \$99.763.
- Crude oil prices rebounded last week, going into the holidays with momentum toward the \$100 mark on a combination of factors including strength in the U.S. Dollar, signs of improved petroleum demand in the U.S., and a resurgence of geopolitical tension emanating from Iran.
- Uncertainty in the stability of the Euro continues to send investors into the relative safety of the Dollar and out of oil, even as the fear of an Iranian disruption of Middle Eastern supplies drives crude oil prices higher. *Source: EIA, Bloomberg, NYMEX, Reuters*

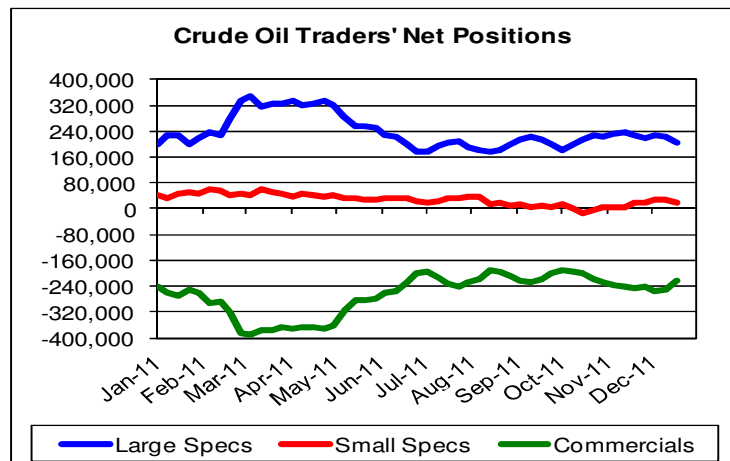


➤ **PRICE UPDATE: The February 2012 NYMEX crude oil futures contract settled at \$101.34, up \$1.66 at the close of today's trading.**

Commitments of Traders

For the week ending December 20:

- Non-commercial (Large Specs) traders decreased their long positions by 18,688 contracts to a net long position of 204,978 contracts.
- Small Spec non-commercial traders decreased their long positions by 7,406 contracts to a net long position 18,346 contracts.
- Commercial traders decreased their overall short positions by 26,095 to a net short position of 223,323 contracts.
- Market open interest totaled 2,207,528 contracts, down 112,820 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	
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
6-Dec	330,152	102,680	227,472	96,470	69,282	27,188	1,077,226	1,331,886	(254,660)	2,297,224

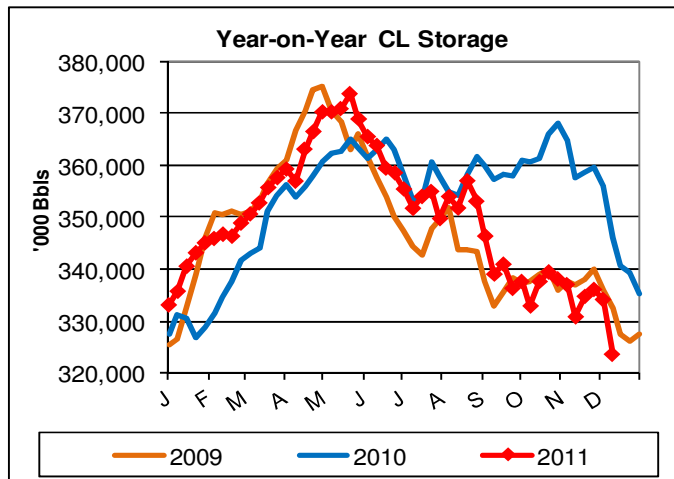
Storage, Imports, & Refining

Crude Oil & Petroleum Products Storage									
	12/16/2011		12/9/2011		Weekly Change		Weekly Change (%)		
	DOE	API	DOE	API	DOE	API	DOE	API	
Crude Oil	323,581	330,027	334,151	334,601	(10,570)	(4,574)	-3.16%	-1.4%	
Gasoline	218,406	213,854	218,818	215,348	(412)	(1,494)	-0.2%	-0.7%	
Distillate	139,149	139,604	141,502	142,383	(2,353)	(2,779)	-1.7%	-2.0%	
Residual	38,660	37,440	40,057	37,617	(1,397)	(177)	-3.5%	-0.5%	

Crude Oil & Petroleum Products Storage				
	Annual Change (%)		5 yr. Comparison (%)	
	DOE	API	DOE	API
Crude Oil	-1.9%	-3.5%	0.8%	1.0%
Gasoline	0.8%	6.2%	-1.2%	0.3%
Distillate	-12.0%	-13.4%	-6.7%	-5.1%
Residual	-2.1%	-9.9%	-3.5%	-1.2%

For the week ending December 16, 2011:

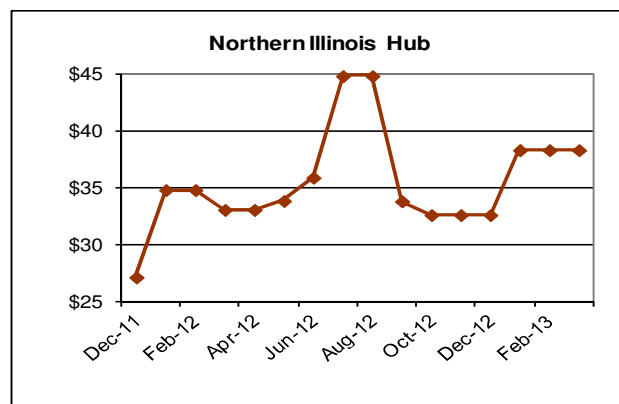
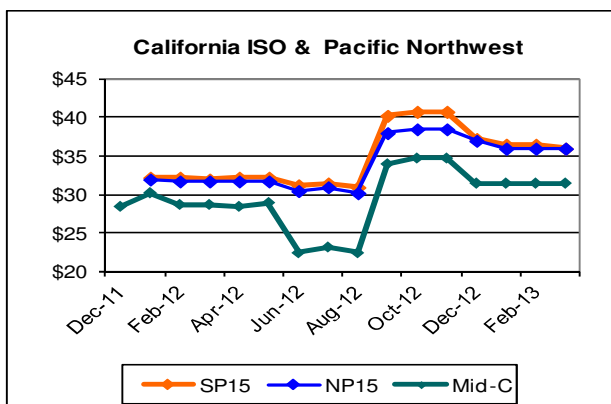
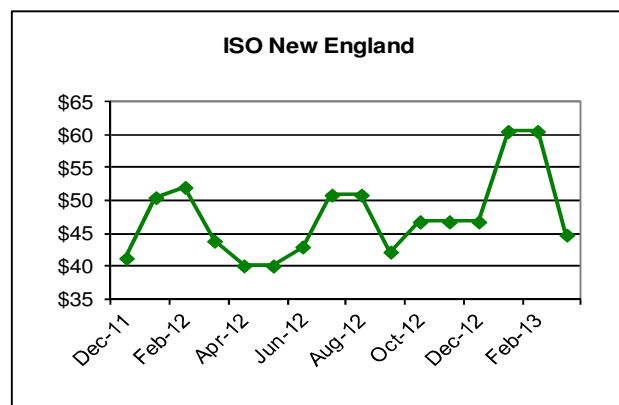
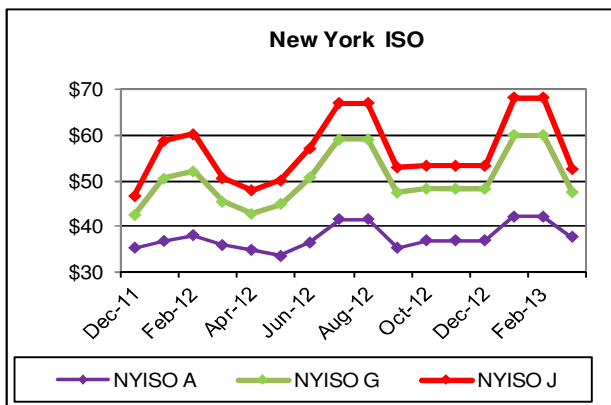
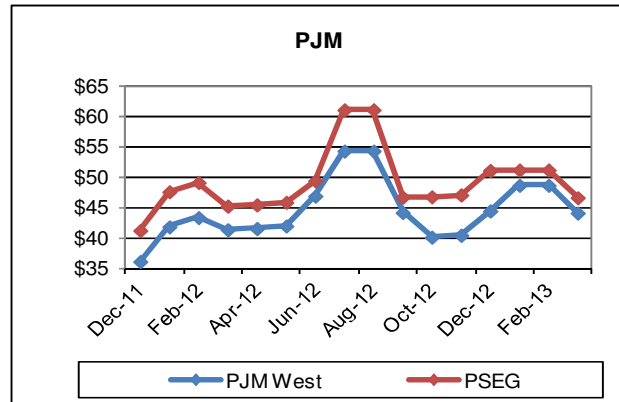
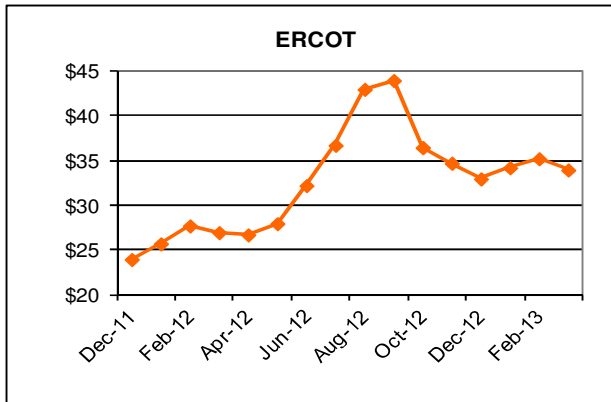
- Inventories of crude oil fell by 10.6 million barrels to end the week at 323.6 million barrels.
- Motor gasoline stocks fell by 0.4 million barrels to 218.4 million barrels.
- Distillate fuel oil inventories fell by 2.4 million barrels, to 139.1 million barrels.
- Residual fuel oil stocks fell by 1.4 million barrels to 38.7 million barrels.
- Strategic Petroleum Reserve (SPR) stocks were unchanged at 696.0 million barrels.
- Refinery inputs averaged 14.6 million barrels per day, down 53,000 barrels per day from last week.
- Refineries operated at 84.9% capacity, down 0.2% from last week.
- The U.S. imported 7.6 million barrels of crude oil per day, down 746,000 barrels per day from last week.
- Motor gasoline imports averaged 601,000 barrels per day, down from 776,000 barrels per day last week.
- Imports of distillate fuels averaged 128,000 barrels per day, up from 118,000 barrels per day from last week. *Source: EIA*



Electricity

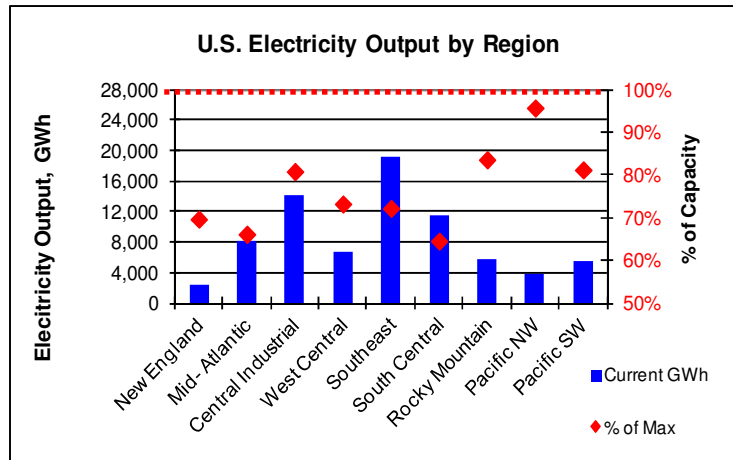
Prices

Northeast daily power prices picked up at the end of the week on regional weather forecasts, but overall were lower on the week. Midwestern dailies were also lower, while 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.



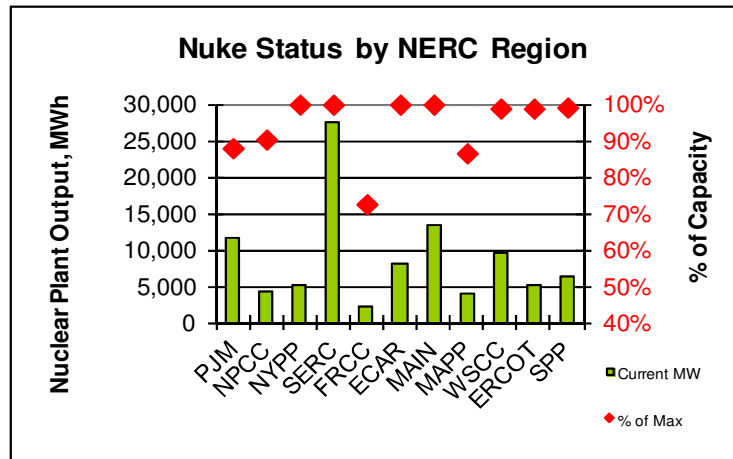
U. S. Electric Output and Capacity

For the week ending December 16, total U.S. electric output was 78,021 Gigawatt hours, or 73.2% of combined maximum regional capacity. Last week, U.S. electric output was 78,513 GWh, and last year at this time, 85,729 GWh.



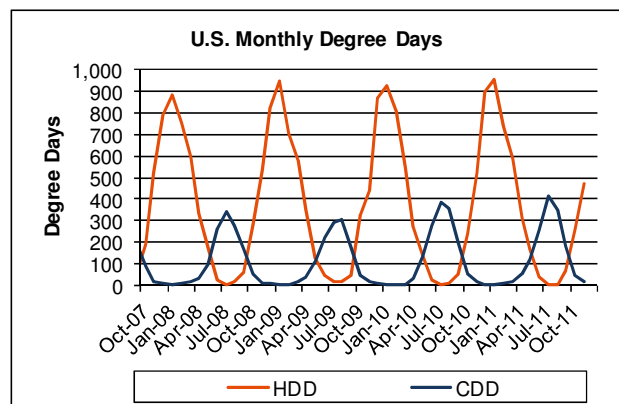
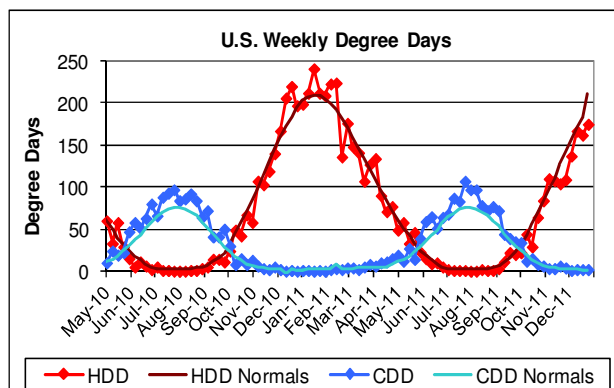
Nuclear Facilities Status

Nuclear plant outages total 3,728 MW, or 3.7% of U.S. capacity, with 97,034 MW of nuclear generation capacity presently available nationwide. *Source: Nuclear Regulatory Commission*



Degree Days

For the week ending December 24, 2011, heating degree days (HDD) totaled 175, which is **17% below normal**, and is **18% under last year**. Cumulative HDD's for the current heating season (Nov11-Mar12) are **12% below normal**, and are **10% under last year's** heating season (Nov10-Mar11). For the week, cooling degree days (CDD) totaled 2. For the 2011 cooling season (Mar11 – Oct11), CDD's were **22% above normal** and **1% over last year**.



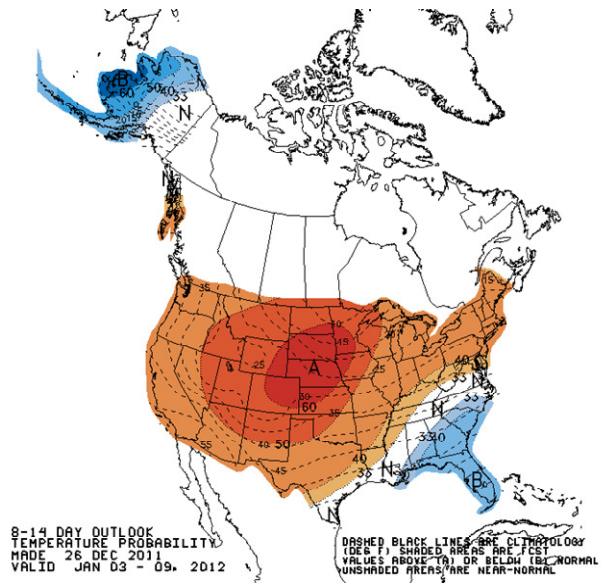
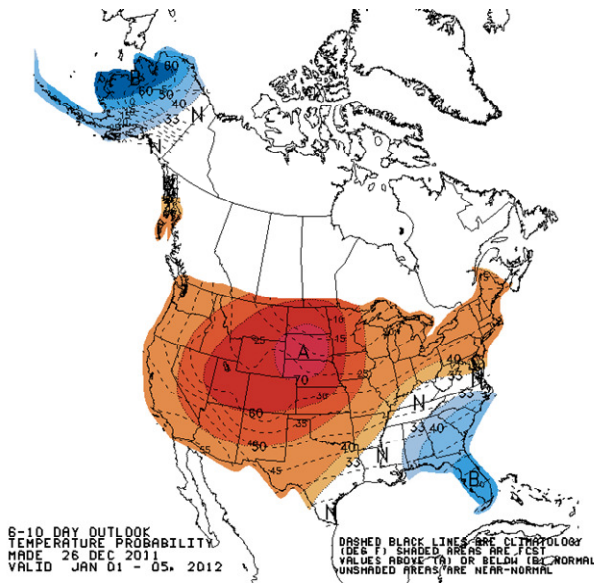
For **November 2011**, a total of 469 HDD's were recorded, which is **13% below normal**, and is **10% under last year**. Year-to-date seasonal HDD's (Nov11- Mar12) are **13% below normal**, and are **3% under last year**. November 2011 monthly CDD's totaled 16, which is **6% below normal**, but is about the **same as last year**. Cumulative CDD's recorded for the recently ended season, (Apr11- Oct11) were **22% above normal** and were **1% over last year**. *Source: NOAA*

Weather

1-5 day summary: This week's stormy weather should clear the Northeast by Wednesday, bringing cooler than normal temperatures east of the Appalachians. Temperatures will be as much as 20° above normal west of the Appalachians and into the upper Mississippi Valley. Temperatures in the Midwest will start the week cooler than normal, warming up over the course of the week. Near-normal temperatures are expected in the South. Cold temperatures, rain, and mountain snow will cover the Pacific Northwest, while in California and the Desert Southwest temperatures will be much warmer than normal.

6-10 Day Outlook

8-14 Day Outlook

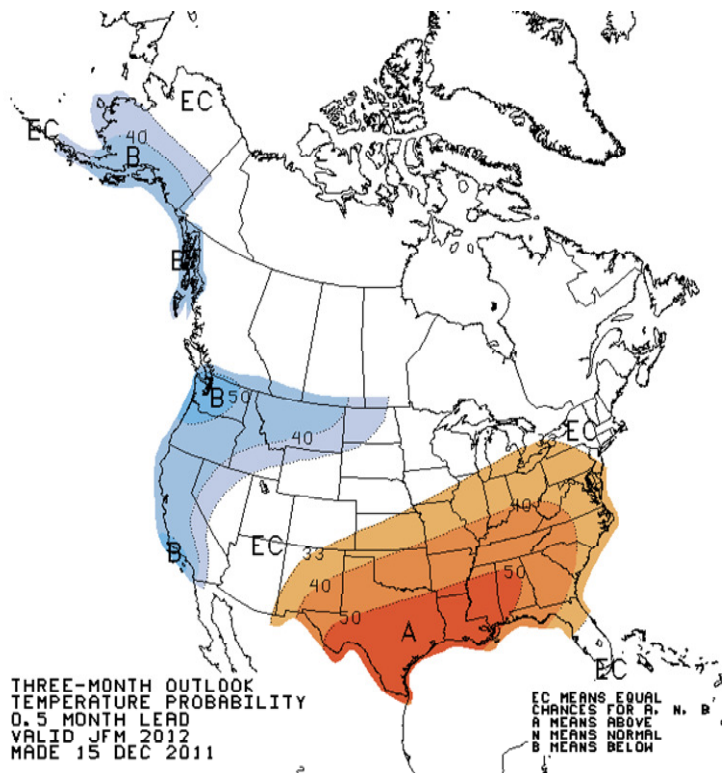


Source: NWS and private forecasts

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 were buoyed by the extension of the payroll tax holiday and emergency unemployment benefits. In light trading typical at the beginning of the holidays, traders responded with relief that a deal between the House and Senate had been struck at the last minute. For the week, the Dow rose 428 points to end the week at 12,294, up 3.6%, while the S&P 500 gained 46 points to end the week at 1,266, up 3.7%. The NASDAQ composite index gained 63 points, ending the week at 2,619, up 2.5%.

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

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