

Natural Gas Market Review and Outlook

For the week ended February 3, '12

Week-to-Week Natural Gas Price Activity ↓↓

Main factors driving natural gas prices: The NYMEX prompt-month price lost much of last week's gains as the lack of more announcements of production cutbacks allowed forecasts of continued mild weather and high current surplus in storage to dominate market sentiment. NOAA forecasts that below normal temperatures will affect only the western USA from Feb. 12 to Feb. 20., '12, and near-term demand in natural gas for heating should remain relatively low.

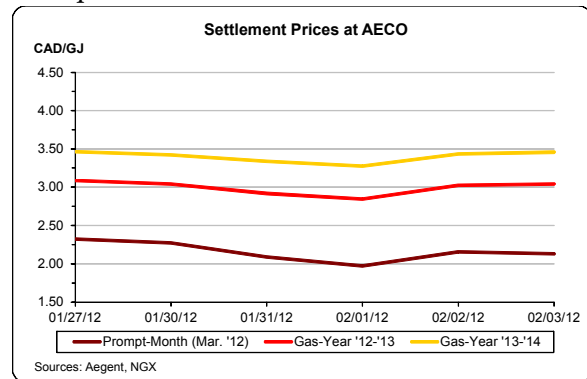
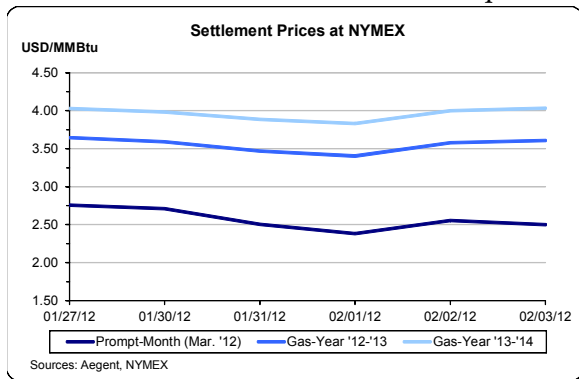
NYMEX prices for week starting Feb. 6, '12 (USD / MMBtu): Price for Mar. '12 is not likely to exceed \$2.79. Price for Summer '12 (Apr. - Oct.) is not likely to exceed \$3.13. Price for Winter '12 - '13 (Nov. - Mar.) is not likely to exceed \$3.74 (all projections are at 90% confidence and based on closing prices and volatilities for Feb. 3, '12).

AECO prices for week starting Feb. 6, '12 (CAD / GJ): Price for Mar. '12 is not likely to exceed \$2.38. Price for Summer '12 (Apr. - Oct.) is not likely to exceed \$2.48. Price for Winter '12 - '13 (Nov. - Mar.) is not likely to exceed \$3.18 (all projections are at 90% confidence and based on closing prices and volatilities for Feb. 3, '12).

NYMEX Prices USD/MMBtu	02/03/12	01/27/12	% Change
Prompt-Month (Mar. '12)	\$2.50	\$2.76	-9%
Summer '12 (Apr. - Oct.)	\$2.91	\$3.03	-4%
Winter '12-'13 (Nov. - Mar.)	\$3.53	\$3.58	-2%
Gas Year '12-'13 (Nov. - Oct.)	\$3.61	\$3.64	-1%
Gas Year '13-'14 (Nov. - Oct.)	\$4.03	\$4.03	0%

AECO Prices CAD/GJ	02/03/12	01/27/12	% Change
Prompt-Month (Mar. '12)	\$2.13	\$2.33	-8%
Summer '12 (Apr. - Oct.)	\$2.31	\$2.45	-6%
Winter '12-'13 (Nov. - Mar.)	\$3.00	\$3.06	-2%
Gas Year '12-'13 (Nov. - Oct.)	\$3.04	\$3.09	-2%
Gas Year '13-'14 (Nov. - Oct.)	\$3.46	\$3.46	0%

All prices are settlement prices



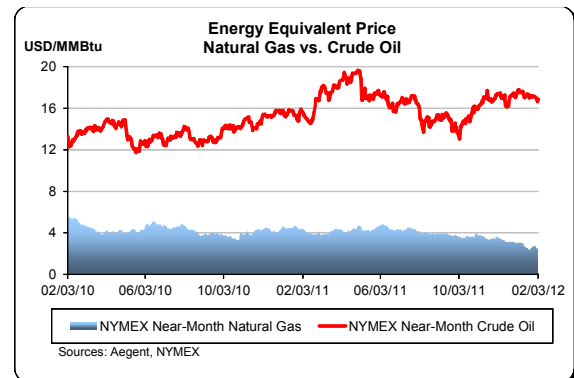
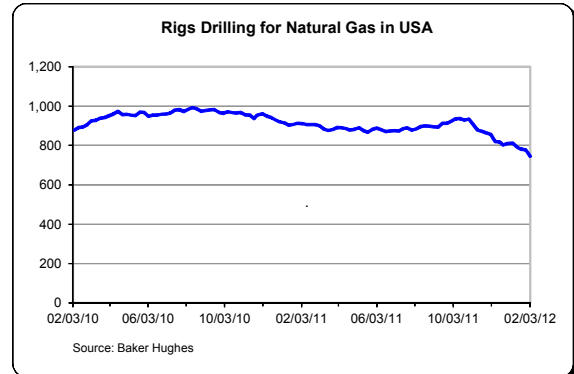
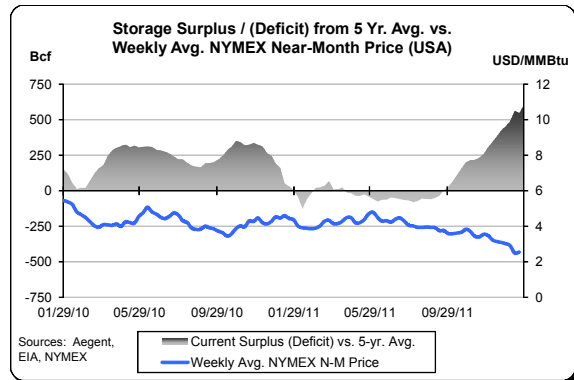
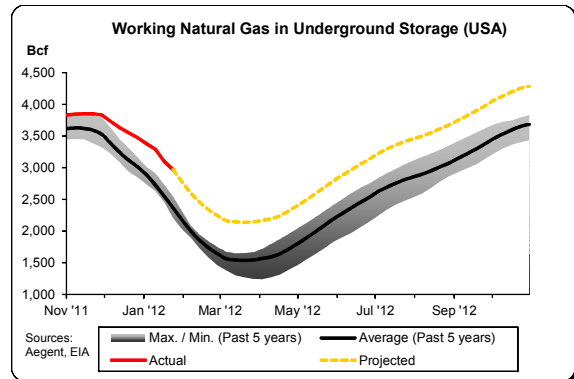
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Fundamentals

Natural gas: The EIA reported a net withdrawal from storage of 132 Bcf for the week ended Jan. 27, '12 decreasing total storage to 2,966 Bcf which is 24.6% above last year's level and 25.4% above the 5-year average. This change was above the market's expectations for a net withdrawal of 128 Bcf. Baker-Hughes reported that the weekly US natural gas rig count as of Feb. 3, '12 was 745 compared to the 777 as of Jan. 27, '12.

Crude oil: The price of the prompt-month contract fell from \$99.56 US / bbl as of Jan. 27, '12 to \$97.84 US / bbl on Feb. 3, '12. The negative surprise of a large net accumulation of domestic stockpiles was partially offset by bullishness from an unexpectedly large drop in the USA's unemployment rate.



US Natural Gas in Storage (Bcf) (Source: EIA)

Week ended 01/27/12	This year	Year ago	5-year average
Net change	-132	-187	-186
Gas in storage	2,966	2,380	2,365

US Petroleum Stockpiles (MMbbl) (Source: EIA)

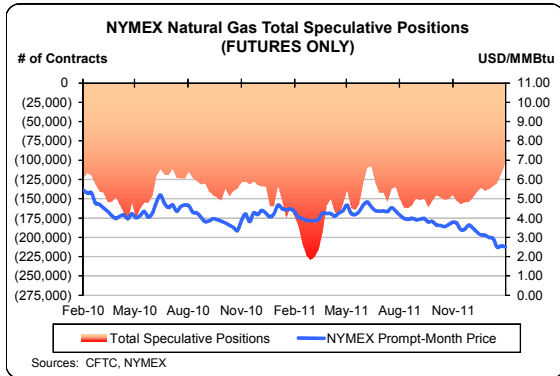
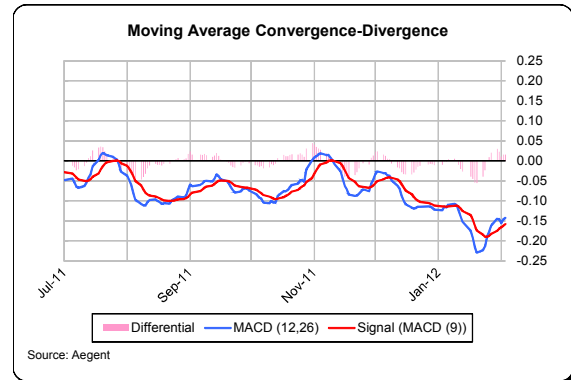
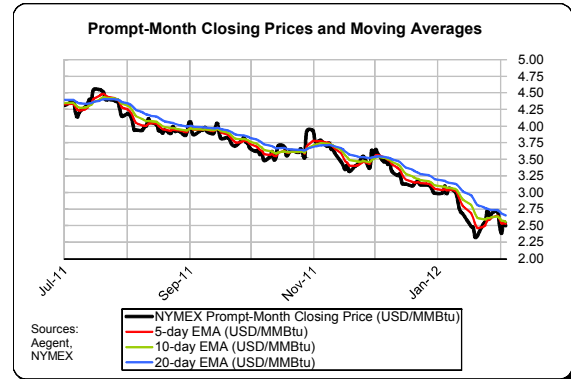
Week ended 01/27/12	This year	Week ago	Year ago
Crude oil	338.9	334.8	343.2
Distillate (incl. heating oil)	145.4	145.5	164.1

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Technical

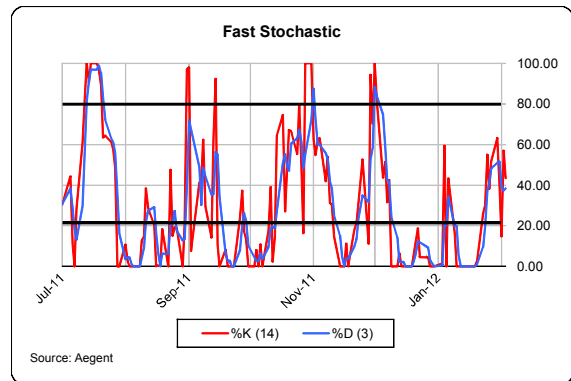
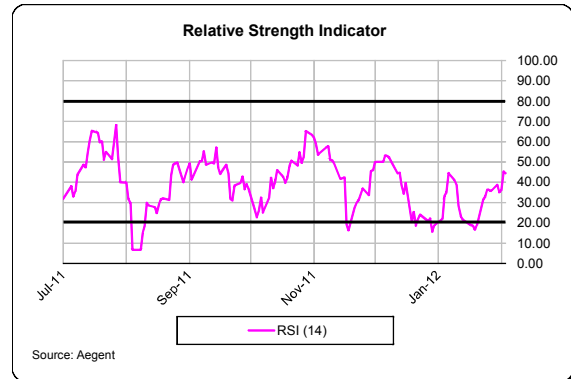
Indicators are neutral for the short-run. The latest closing price of the prompt-month contract (\$2.499 US / MMBtu) is below the 5-, 10- and 20-day Exponential Moving Averages (EMA). Differential (DIF) is still positive with potential buy signal having been given last week by MACD having crossed signal from below. However Relative Strength Indicator (RSI) is still bearish with no return to overselling yet. Fast Stochastic is mixed with potential sell signal being followed by potential buy signal as %K has re-crossed %D from below. Resistance for prompt-month contract next week may still lie near 20-day EMA (\$2.65 US / MMBtu as of Feb. 3, '12) or intraday high on Jan. 30, '12 (\$2.844 US / MMBtu). Support may lie near lowest close in 2012 to date (\$2.32 US / MMBtu) or psychological floor of \$2 US / MMBtu.



Speculative Positions on NYMEX Natural Gas Futures (Source: CFTC)

As of 01/31/12	This Week	Week ago
Total Open Interest	1,203,330	1,152,540
Net Position - Total	(104,416)	(118,212)
Net Position - Large Speculators	(126,903)	(141,196)

Note: Brackets denote net short position



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Weather (maps courtesy of NOAA)

NOAA reports that total Gas Home Heating Degree Days in the USA for the week ended Feb. 4, '12 were 152. The norm for this time of year is 217. For the period Oct. 2, '11 – Feb. 4, '12, cumulative Gas Home Heating Degree Days stand at 2457. The 30-year cumulative average (1971-2000) for the same period is 2893.

For the upcoming week, NOAA forecasts Gas Home Heating Degree Days to be 182. The norm for this period is 210.

For the week ended Feb. 3 '12, Heating Degree Days in Ontario are estimated to be 133. The 5-year average for this period is 176. For the period Oct. 1, '11 – Feb. 3, '12, estimated cumulative Heating Degree Days is 1900. The average of the past 5 years for the same period is 2175.

About Aegent

Aegent Energy Advisors Inc. provides independent advice and support services to buyers of natural gas and electricity to help them reduce energy costs, manage energy cost risk, and resolve the complexity of the energy marketplace. Aegent's processes for energy procurement and advisory services operate within a Quality Management System that is registered to ISO 9001:2008. Visit us on the web: www.aegent.ca

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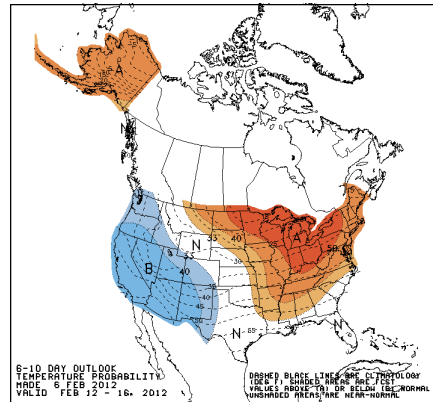
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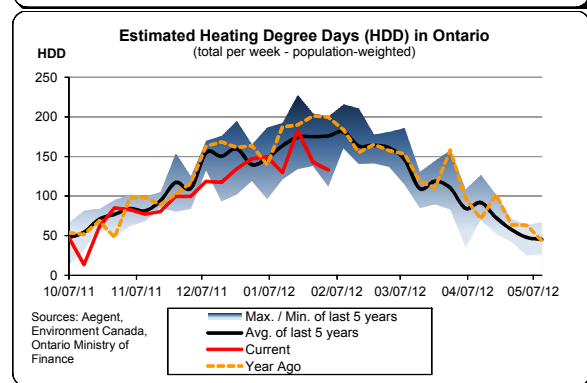
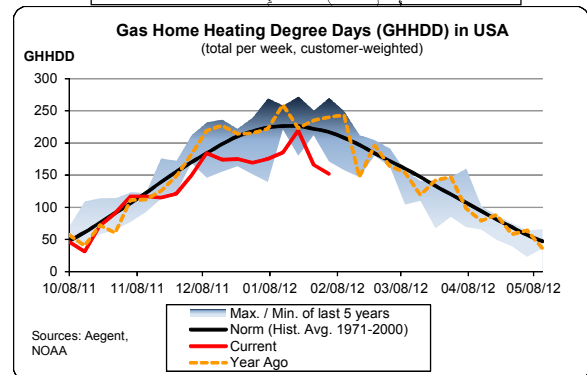
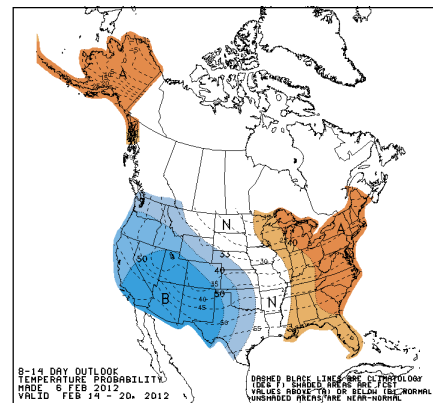
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Temperature Outlook: Feb. 12 - 16, '12



Temperature Outlook: Feb. 14 - 20, '12



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