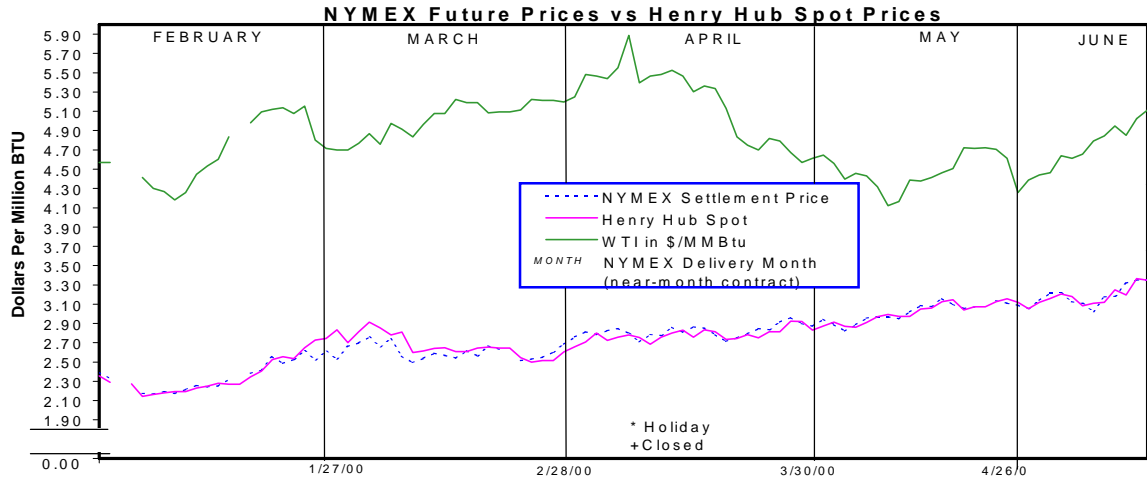
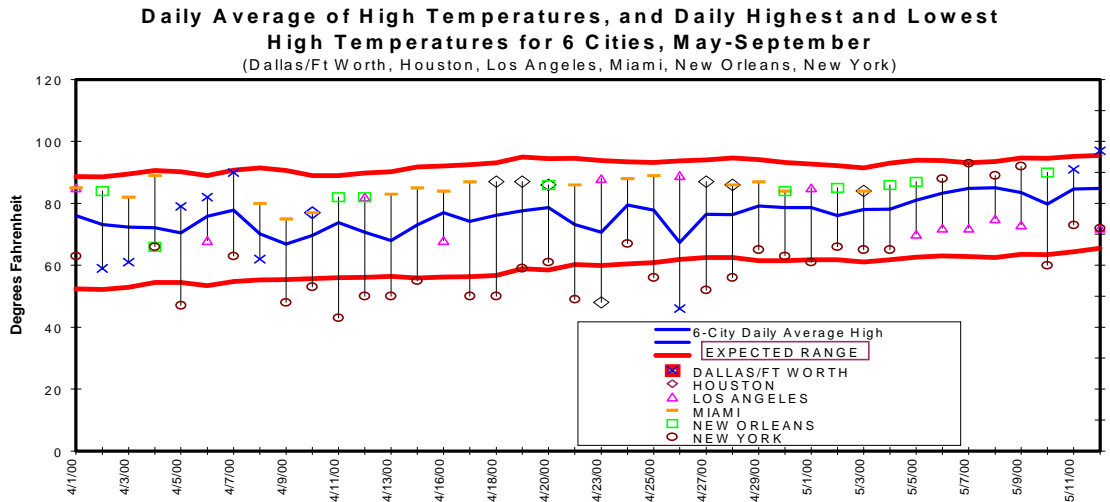


HENRY HUB PRICE		
	SPOT	FUTURES
	May	June
	Del	Del
	(\$ per MMBtu)	
05/08	3.09-3.15	3.177
05/09	3.24-3.26	3.183
05/10	3.18-3.21	3.317
05/11	3.35-3.38	3.352
05/12	3.34-3.36	3.354



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high/low price for a day. The WTI price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

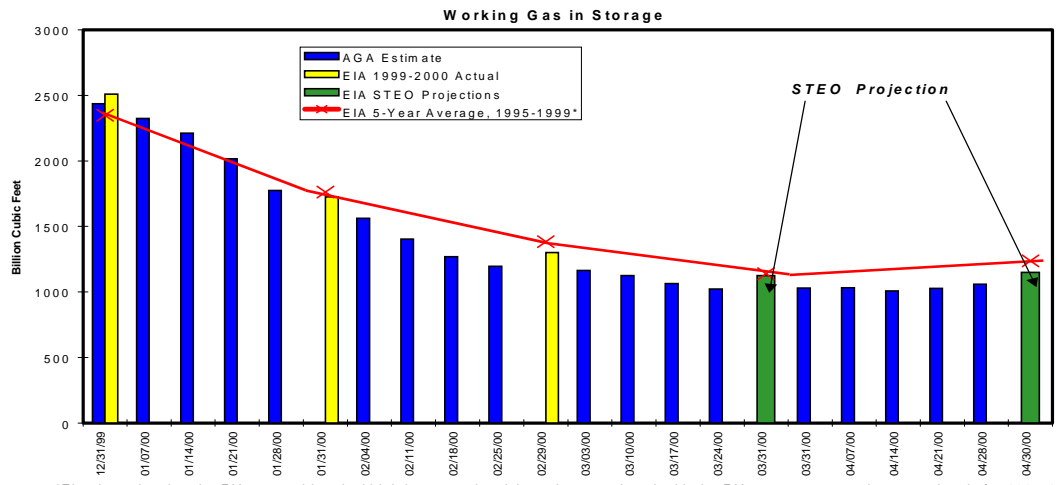
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
05/06	83	78	5
05/07	85	78	7
05/08	85	78	7
05/09	84	79	5
05/10	80	79	1
05/11	85	80	5
05/12	85	81	4



The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Working Gas Volume as of 05/05/00		
	BCF	% Full
EAST	479	26
WEST	293	58
Prod Area	345	36
U. S.	1117	34

Source: AGA



*The data showing the EIA 5-year historical high inventory levels have been replaced with the EIA 5-year average inventory levels for 1995-1999.

A mid-spring heat wave in the Northeast and a report of increasing, yet still limited, storage injection volumes for the previous week sent cash and futures prices to significant gains last week. Temperatures—and electricity demand for air conditioning—began climbing sharply in the Northeast on Friday, May 5, and remained unusually high through midweek. Record-setting highs in the upper 80s to 90s prevailed throughout the region before the heat abated on Wednesday, May 10. (Beginning this week, the Weekly Market Update transitions to its non-heating season temperature graph, which tracks high temperatures in six major cities that have significant potential for electricity swing demand for air conditioning.) The American Gas Association's (AGA) report on Wednesday, May 10 of an estimated 58 Bcf of net injections for the week ended May 5 gave prices a second boost. By this past Friday, spot prices at the Henry Hub had jumped \$0.24 to \$3.35 per MMBtu since the previous Friday. Likewise, the NYMEX futures contract for June delivery at the Henry Hub gained \$0.329 from the previous Friday, settling Friday, May 12 at \$3.354 per MMBtu. Meanwhile, the spot price for West Texas Intermediate (WTI) crude oil continued to rise steadily, beginning the week at over \$28 per barrel, topping \$29 per barrel on Thursday, and ending the week at \$29.65, or \$5.11 per MMBtu. Since falling from its recent high of \$34.15 in early March to \$23.90 on April 10, the WTI price has begun to move steadily upward again.

Storage: Weekly net additions to working gas in storage increased more than two fold as 58 Bcf was added during the week ending Friday, May 5. However, the cumulative additions for April are estimated to be 44 Bcf, which is only 28 per cent of the EIA 5-year (1995-99) average for April of 155 Bcf. The week's increasing prices likely constrained the weekly refill rate. The Consuming East region, which contains 55 percent of the active working gas capacity, led the way as it added 34 Bcf, while the Producing and Consuming West regions added 17 and 7 Bcf, respectively. Based on EIA's end-of-March estimate of 1,125 Bcf, net additions of 86 Bcf thus far in the refill season brings working gas on May 5 to 1,211 Bcf.

Spot Prices: The Northeast's heat wave sent prices up in the eastern half of the nation on Monday and Tuesday. Prices in Northeast markets jumped 10 to 40 cents on Monday, with prices approaching \$4.00 per MMBtu at Transco Zone 6. Gulf and Midcontinent price increases of a few cents on Monday became 10 cents or more on Tuesday, as continued high air-conditioning loads in the Northeast increased the pull on supplies from those regions. Western prices also gained, but more modestly. Cool weather in northern California helped keep prices strong there, while southern California price increases early in the week were dampened by the return to service of the Palo Verde and Diablo Canyon nuclear plants, and later in the week by moderating temperatures. While spot prices in nearly all markets were down slightly on Friday, there were net gains for the week at all locations tracked by *Gas Daily*, ranging from around 10 to roughly 25 cents per MMBtu. For example, spot gas in the Northeast traded on Friday for \$3.50-3.60 per MMBtu, up 15-20 cents from Friday, May 5; in the Midcontinent, about \$3.15, up around 22 cents; in the Rockies, from the mid-\$2.60s to the low-\$2.90s, up 10-15 cents; and in the Permian basin, \$3.08-\$3.16, up 20-25 cents.

Futures Prices: The price of the NYMEX contract for June delivery moved up each day, with increases of over 14 and 13 cents, respectively, on Monday and Wednesday. For the week, the June contract gained \$0.329, settling on Friday at \$3.354. In Wednesday's trading session, the June contract had actually slipped a few cents in morning trading, but the net injection figure of 58 Bcf in AGA's storage report released that afternoon prompted a decidedly bullish reaction. Futures prices are likely to derive upward support in the near term from the National Weather Service's 6-10 day temperature outlook of this past Friday, which calls for above normal temperatures for much of the nation from the northern plains states down to Texas, across to Florida and up through Virginia. Prices would tend to be further strengthened if there is another weak injection figure next Wednesday, covering this heat-wave week. All out-month contracts through May 2001 showed significant Friday-to-Friday gains, with increases of \$0.29 per MMBtu or greater for supplies through January 2001, tapering to a 19-cent increase for the contract for May 2001 delivery. Monday's opening price for the June contract was \$3.330 per MMBtu.

Summary: Spot and futures prices showed significant gains, as a strong heat wave sent electricity demand soaring in the Northeast, and a report of limited net storage injections kept alive concerns about the stock build in particular, and adequacy of supplies in general.