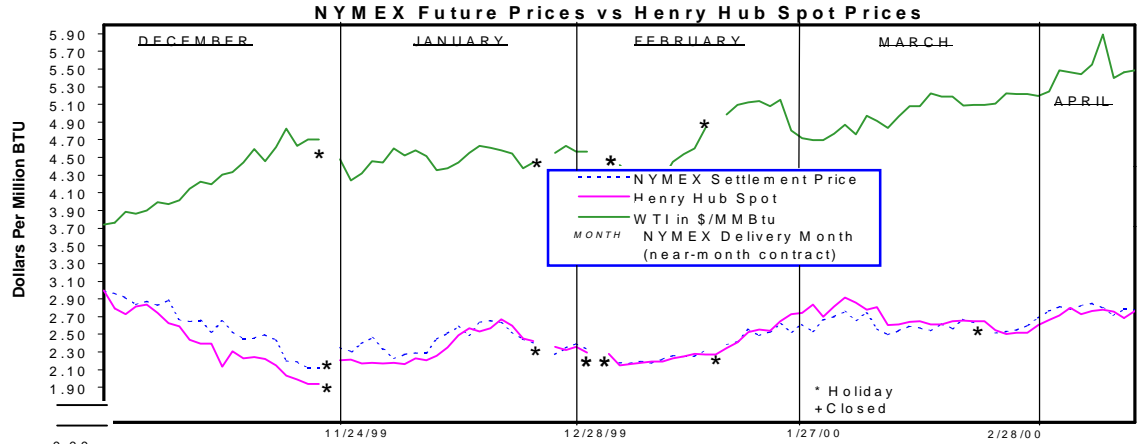
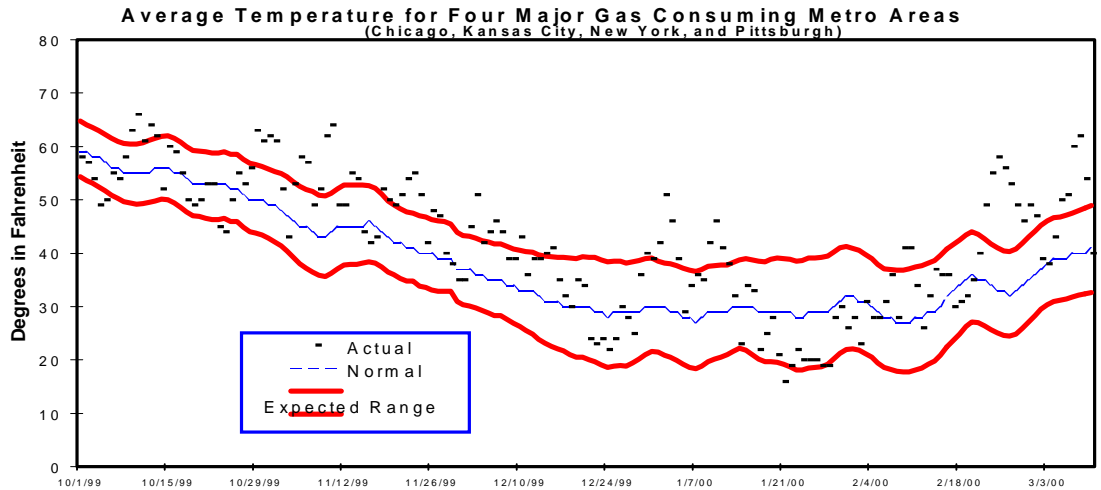


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	March	April
	Del	Del
3/06	2.73-2.79	2.850
3/07	2.76-2.80	2.799
3/08	2.73-2.78	2.710
3/09	2.67-2.70	2.786
3/10	2.74-2.78	2.774



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

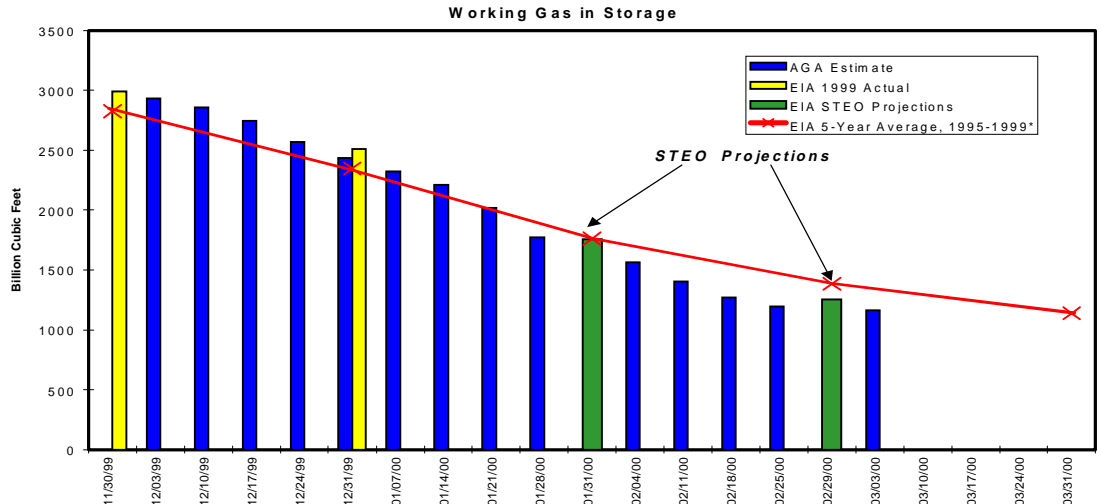
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/04	43	39	4
3/05	50	39	11
3/06	51	39	12
3/07	60	40	20
3/08	62	40	22
3/09	54	40	14
3/10	40	41	-1



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

Working Gas Volume as of 3/03/2000		
	BCF	% Full
EAST	527	29
WEST	257	52
Prod Area	381	40
U. S.	1165	36

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 continued warming trend in most parts of the Midwest and the East contributed to reduced natural gas demand and lower net storage withdrawals, which averaged about 4 Bcf per day in the week ended March 3. In the four cities monitored for this report (Chicago, Kansas City, New York City, and Pittsburgh), the composite average temperatures have ranged between 11 to 22 degrees above normal for most days in March. Despite apparent ample supply and reduced demand, spot market prices moved up 3 to 6 cents per MMBtu at most major markets last week and traded on Friday at the Henry Hub at \$2.76. The near-month (April) futures contract price displayed some variability as it moved up or down 5 to 9 cents per MMBtu most days and settled on Friday at \$2.774. The price of West Texas Intermediate crude oil rose early in the week reaching \$34.15 per barrel before declining to \$31.80, or \$5.48 per MMBtu, on Friday.

Storage: According to American Gas Association (AGA) estimates, net storage withdrawals for the week ended Friday, March 3, were 29 Bcf—a sharp reduction from the previous week’s 74 Bcf. The warmer-than-normal temperatures that have dominated weather patterns recently (see temperature graph) have reduced the weather-related demand from the levels of the last half of January and early February. As evidence of weak demand, the latest AGA estimate reports that withdrawals were only 24 Bcf in the Consuming East region, which contains 56 percent (1,809 Bcf) of active working gas storage capacity. At the same time, the Consuming West region had a stock drawdown of 10 Bcf, while the Producing region had net additions of 5 Bcf. The reduced total stock drawdown resulted in a revised end-of-February estimate of 1,252 Bcf (see storage graph). EIA data indicate that average withdrawals in March during the previous 5 years (1995-99) were 249 Bcf. Last week’s warm temperatures in many parts of the Midwest and the East are expected again to contribute to limited storage withdrawals.

Spot Prices: At most major markets, spot prices ended last week in a range of \$2.70 to \$2.76 per MMBtu. The recent period of warm temperatures in most parts of the Midwest and the East does not appear to have had the same impact on prices that was seen last year when spot prices traded for \$1.85 to \$1.95 per MMBtu or lower at most major markets during a period of unseasonably mild weather. Some likely market factors behind the higher prices this year appear to be the level of stocks on hand in early March, the recent settlement prices of the NYMEX near-month contract, and the price of competitive petroleum fuels. EIA data for the beginning of March 1999 indicate that 1,792 Bcf of working gas was still in storage and West Texas Intermediate crude oil traded for \$14.50 per barrel, or \$2.64 per MMBtu. Refined petroleum products that can be substituted for natural gas by some industrial and electric utility consumers, were selling last year at this time for prices that were up to 60 percent less than last week’s price levels. For example, on Friday March 10, propane in Texas was \$3.91 per MMBtu; distillate and residual fuel oils in New York Harbor were \$5.68 and \$3.68 per MMBtu, respectively.

Futures Prices: The futures contract for April delivery had daily settlement prices between \$2.71 and \$2.85 per MMBtu before ending trading at \$2.774 on Friday, and opening on Monday, March 13, at \$2.81. Similar to the spot market, these prices are considerably higher than settlement prices for the April 1999 contract, which traded between \$1.75 to \$1.95 most days in early March 1999 before eventually closing at \$1.852 per MMBtu. In addition, the NYMEX contracts for May through August delivery continue to trade in a tight 5 cent per MMBtu range (\$2.804 to \$2.852). This could be an indication that the market is anticipating strong industrial and electric generation demand, and high petroleum prices, in addition to an active storage refill season.

Summary: Spring-like temperatures prevailed in most parts of the Midwest and East last week, yet prices at most major spot markets moved up slightly. Daily settlement prices for the April futures contract fluctuated last week before ending the week down about 7 cents per MMBtu at \$2.774. The May to August NYMEX futures contracts continue to trade in a tight 5 cents per MMBtu price range. Net storage withdrawals during the first week of March were at their lowest level in over 2 months and stocks are estimated to have been 1,252 Bcf at the beginning of March.