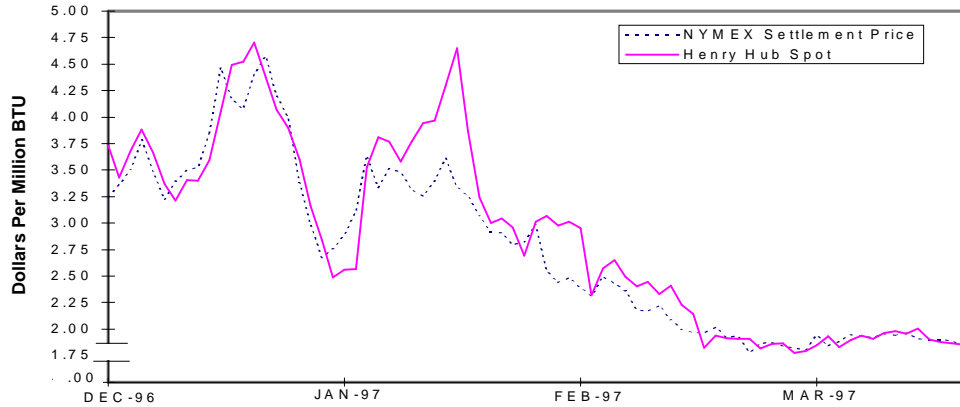


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
CASH	FUTURES	
Mar	Apr	
Del	Del	
(\$ per MMBtu)		
03/17	1.98-2.03	1.909
03/18	1.88-1.92	1.897
03/19	1.85-1.90	1.896
03/20	1.85-1.88	1.892
03/21	1.84-1.87	1.840

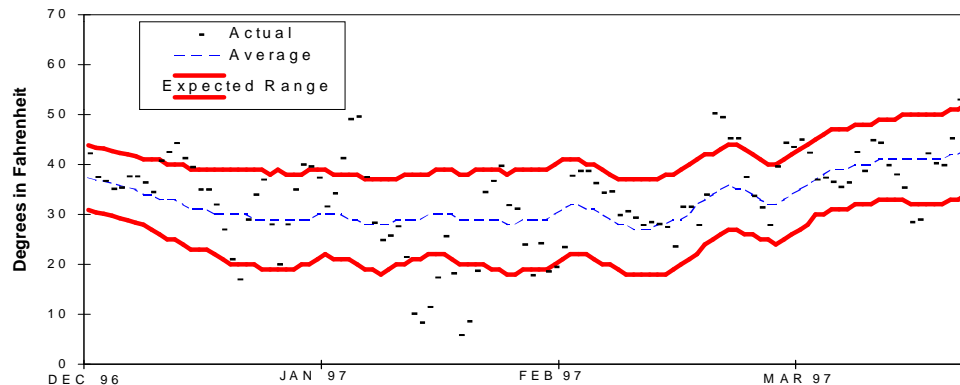


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average Temperature for Four Major Gas Consuming Metro Areas

(Chicago, Kansas City, New York, and Pittsburgh)

Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
03/16	29	41	-12
03/17	42	41	1
03/18	40	41	-1
03/19	40	41	-1
03/20	45	42	3
03/21	53	42	11
03/22	46	43	3

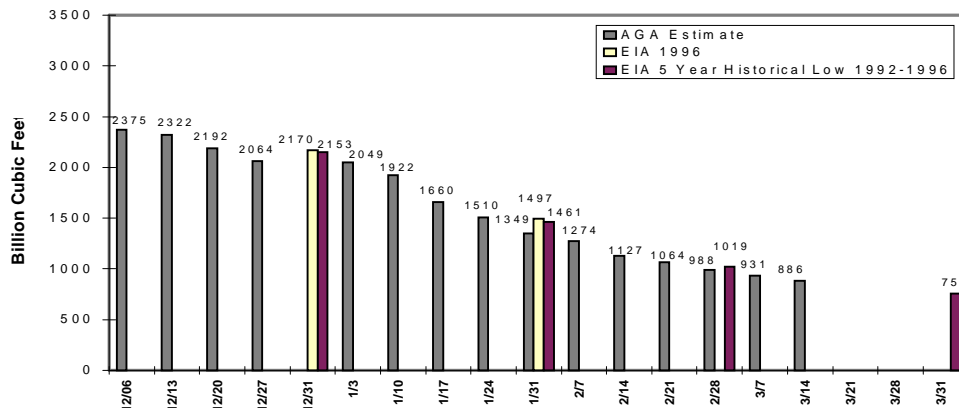


The bounds are computed by adding and subtracting from the average temperature for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1996-1997

Working Gas Volume as of 03/14/97		
	BCF	% Full
EAST	469	26
WEST	163	34
Prod Area	254	28
U. S.	886	28

Source: AGA



The NYMEX futures price for April delivery at the Henry Hub opened Monday, March 24, at \$1.830 per MMBtu, \$0.010 less than Friday's settlement price. Average temperatures rose steadily last week in the four metropolitan areas monitored by this report (Chicago, Kansas City, New York City, and Pittsburgh). Friday, the first full day of spring, saw daytime temperatures in the 70s in several cities, including Chicago, Detroit, Cincinnati, and Indianapolis. Prices on both the spot and futures markets at the Henry Hub declined each day and ended the week down \$0.15 and \$0.06 per MMBtu, respectively. This was the first week with a daily drop in prices since the last half of February. In contrast, the price of West Texas crude oil rose midweek to well over \$22 per barrel, before dropping back to \$21.50 at the end the week. This volatility could be partially due to the refinery industry's transition to increased motor gasoline production to build stocks for the vacation driving season. The latest price data from the Bureau of Labor Statistics (BLS) indicate that the rate of increase in the cost of gas to the residential consumer in February slowed considerably compared with January (2.5 vs 4.8 percent).

Storage: According to American Gas Association (AGA) estimates, net withdrawals from storage were 45 Bcf during the week ending Friday, March 14. This is 12 Bcf less than the previous week's estimate and continues a trend of light to moderate storage demand in response to this winter's warmer-than-normal temperatures in the East. With just 2 weeks remaining in the heating season, the overall amount of working gas remaining in storage is one-third greater than last year at the same time (886 vs 668 Bcf). Storage sites in the East still have over 85 percent more gas available than last year (469 vs 249 Bcf). Refill activity in the Producing area seems to be underway, based on AGA estimates that 14 Bcf was added to storage sites located in the 7-state region—bringing the total in March to almost 20 Bcf. Levels of working gas in eastern Canadian storage sites are also estimated to be higher than last year at this time, with more than 21 Bcf available compared with about 18 Bcf last year. But in contrast, overall storage volumes in Canada are estimated to be almost 20 percent less than at the same time last year (71 Bcf vs 88).

Spot Prices: In response to mild temperatures and continuing favorable estimates of working gas storage stocks, the spot price of gas at the Henry Hub has continued to decline again and is about the same level as in late February (\$1.80 per MMBtu). Prices at other major market locations are also near those seen 3 weeks ago: Katy, East Texas, was \$1.82 per MMBtu on Friday, March 21; Chicago, \$1.90; and Opal, in Wyoming, \$1.55. All of these prices are \$1.50 to \$2.00 per MMBtu less than those seen in mid-January and about \$0.50 to \$1.15 less than a year ago.

Futures Prices: During the last week of trading on the April contract for delivery at the Henry Hub, prices moved down about \$0.06 per MMBtu, settling at \$1.840 on Friday. The bulk of the decline—\$0.052 per MMBtu—occurred on Friday. Volatility during trading days continued to decline as the average range between highs and lows was less than \$0.04 per MMBtu. The range was \$0.06 per MMBtu last week and more than \$0.18 in January. Last year at this time, the range was over \$0.20 per MMBtu during the last week preceding the close of the April 1996 contract, which settled at \$2.779.

Consumer Prices: The latest consumer price index report from BLS shows that the price of gas increased by 2.5 percent nationally between January and February. This is about half the rate of increase (4.8 percent) from the previous month's report. Price movement in specific markets showed a wide range of price changes. According to the BLS data, natural gas prices in February to residential consumers in Washington, DC declined 6.2 percent from January's level, while those in Dallas increased 10 percent. Other cities also experienced varying price changes in February. Among these were: New York - up 1.1 percent, Cleveland - up 3.8, Detroit - down 0.5, and Boston - unchanged.

Summary: Spring-time temperatures arrived in many parts of the country last week and spot prices on most markets declined. Storage refill activity appears to be underway in the Southwest producing states, and increases in natural gas prices to residential consumers slowed significantly in February.