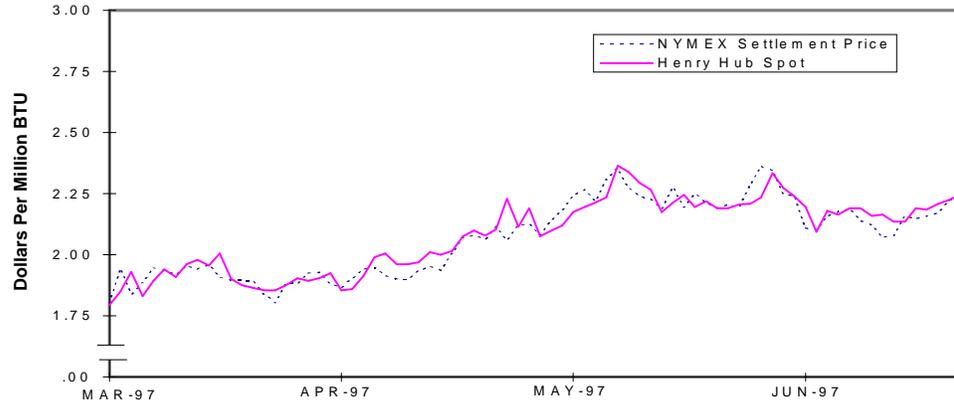


**NYMEX Future Prices vs Henry Hub Spot Prices**

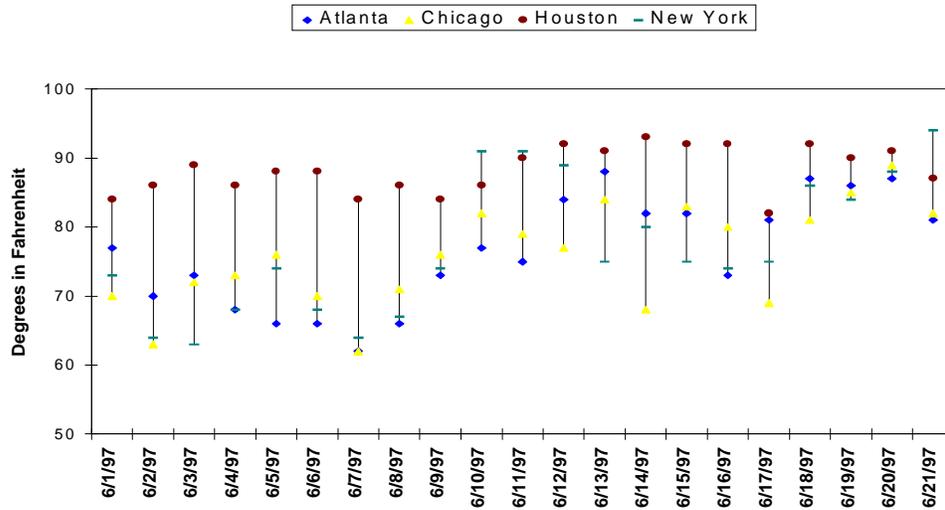
HENRY HUB PRICE		
	CASH	FUTURES
	Jun	Jul
	Del	Del
	(\$ per MMBtu)	
06/16	2.17-2.21	2.147
06/17	2.15-2.22	2.159
06/18	2.19-2.23	2.171
06/19	2.19-2.26	2.221
06/20	2.22-2.27	2.235



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

**High Temperature for Four Selected Cities**

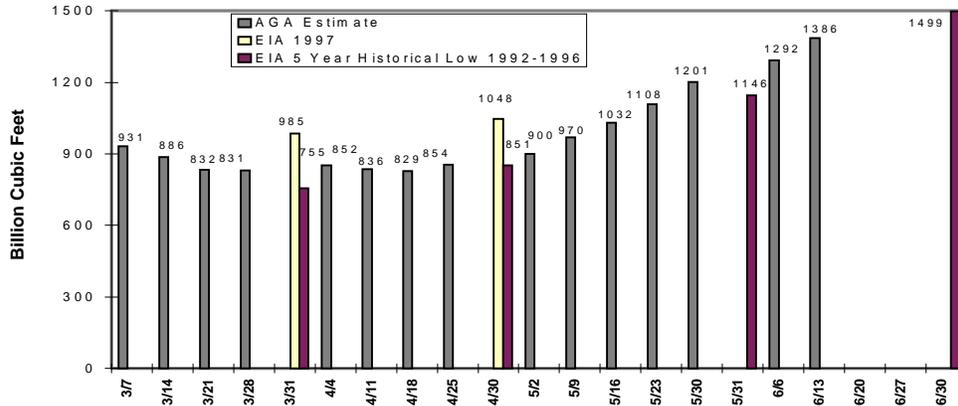
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
06/15	72	75	-3
06/16	70	75	-5
06/17	70	75	-5
06/18	78	75	3
06/19	75	76	-1
06/20	79	76	3
06/21	78	76	2



**Working Gas In Storage 1997**

Working Gas Volume as of 06/13/97		
	BCF	% Full
EAST	699	39
WEST	252	52
Prod Area	435	47
U. S.	1386	43

Source: AGA



The NYMEX futures price for July delivery at the Henry Hub opened Monday, June 23 at \$2.255 per MMBtu, \$0.020 more than Friday's settlement price. Summer time was ushered in with daytime temperatures well over 90 degrees in a broad range of the country that stretched from Memphis to Boston. Current forecasts are calling for the this weather pattern to continue through Wednesday of this week. Prices on the spot market at the Henry Hub moved up each day and ended the week near \$2.25 per MMBtu-up about 6 cents from the previous Friday. The futures market also trended up each day but at an increased rate as the July contract at the Henry Hub ended the week at \$2.235 per MMBtu-up over 15 cents from last Friday's close. The spot price of West Texas crude oil continued to be generally stable as the price per barrel ended the week down 10 cents. Net injections to storage continued to average more than 13 Bcf a day during the second week of June. The latest Bureau of Labor Statistics (BLS) report indicates that the producer price index (or wellhead price) for natural gas moved up in May while the residential consumer price index continued to decline from the highs seen in January and February.

**Storage:** Injections to storage continued at an elevated rate for the third consecutive week as an estimated 94 Bcf were added to working gas storage according to the American Gas Association's (AGA) weekly report. Net injections thus far in June have averaged 13.2 Bcf a day. Storage data from EIA for June 1995 and 1996 shows an average daily refill rate of almost 12.5 Bcf for that month in both years. EIA survey data of the industry's storage facilities indicates that almost 1,050 Bcf of working gas was on hand at the end of April-this is almost 200 Bcf more than last year at the same time. At this time EIA is estimating that working gas at the end of May should exceed 1,400 Bcf- close to 250 Bcf more than May 1996.

**Spot Prices:** With what appears to be the arrival of the delayed air-conditioning season, prices at the Henry Hub and most other market locations moved up as natural gas demand by electrical utilities increased. Prices had been generally stable during the previous 2 weeks at the Henry Hub remaining in a \$2.15 to \$2.20 per MMBtu range. The higher temperatures and increased demand have brought about upward price movement. Last week prices at the Henry Hub moved up each day and ended the week above \$2.25 per MMBtu. Prices at most other markets displayed the same price activity. Some of these were: Katy in East Texas-up 5 cents at \$2.19 per MMBtu on Friday, June 20; Waha in West Texas-up 4 cents at \$2.13 and Chicago-up 4 cents at \$2.40.

**Futures Prices:** The NYMEX settlement prices for July delivery at the Henry Hub moved up 1 to 5 cents each day last week to settle on Friday at \$2.235 per MMBtu-up \$0.155 for the period. The July contract is scheduled to close on Thursday, June 26 and it appears that it will continue the trend of increasing futures contract settlement prices that began in April. But in all probability, this year's July contract should settle below last year's which saw the July contract close at \$2.646 per MMBtu, a record for the month.

**Consumer Prices:** In the current report covering the month of May, BLS data indicate that the consumer price index for natural gas sold to residential consumers decreased nationally in May by 1.5 percent from April's price. It was however, 1.6 percent higher than the price for May 1996. The BLS report does indicate that price movements vary greatly between regions. Prices in Chicago were up almost 11 percent in May of this year compared to May of 1996, up 2 percent in Philadelphia, down 1 percent Pittsburgh while Baltimore had no change. According to the BLS report covering the producer price index, preliminary data indicate that the producer or wellhead price of natural gas increased in May by about 5 percent. This is the first reported increase since January.

**Summary:** Rising temperatures in many parts of the country have increased demand for natural gas to meet electric utility air-conditioning load which has put upward pressure on spot and futures prices. Net injections to storage have remained at an accelerated rate in June. The producer price index indicates that the wellhead price of natural gas moved up in May for the first time in 3 months.