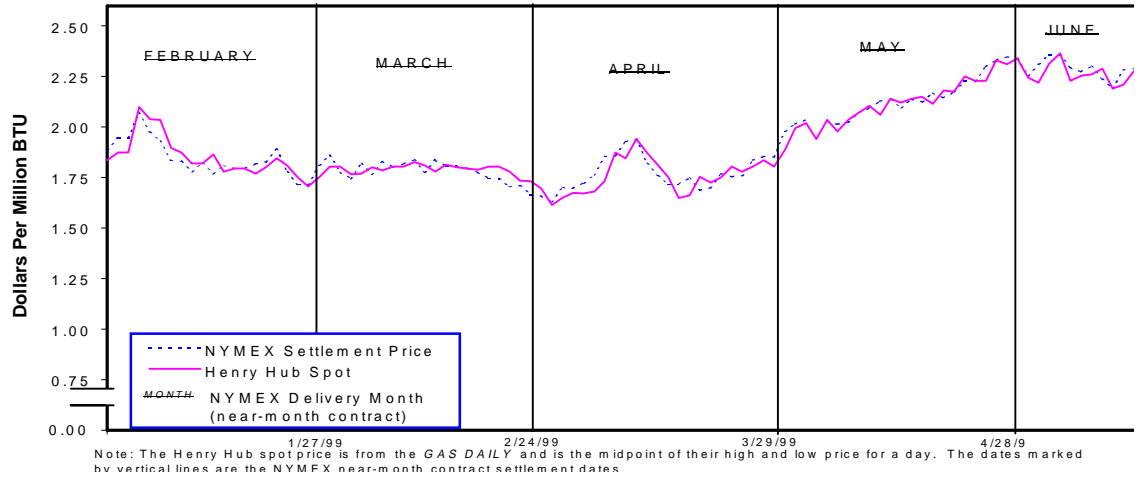
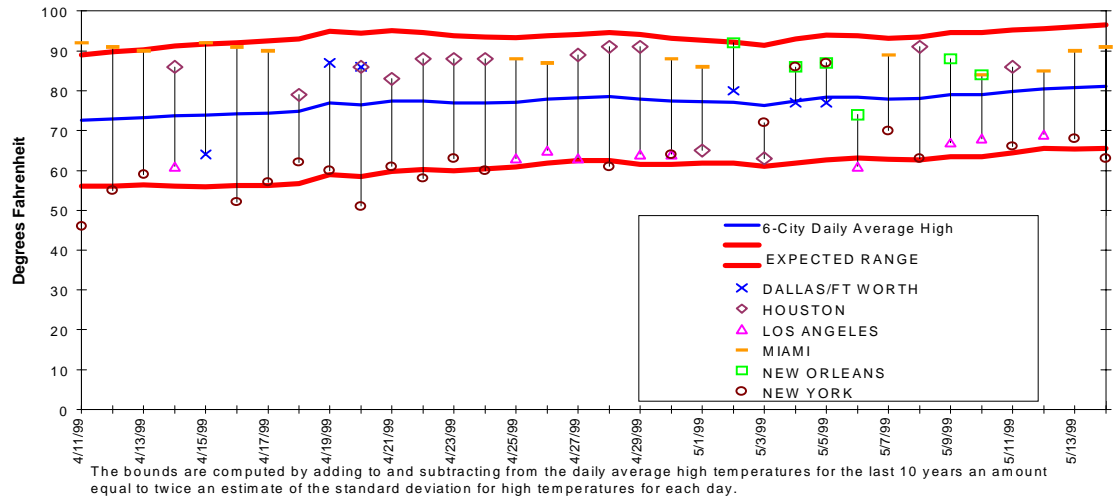


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	May	June
	Del	Del
	(\$ per MMBtu)	
05/10	2.24-2.28	2.302
05/11	2.27-2.31	2.236
05/12	2.18-2.20	2.191
05/13	2.19-2.23	2.282
05/14	2.25-2.30	2.288



Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September  
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

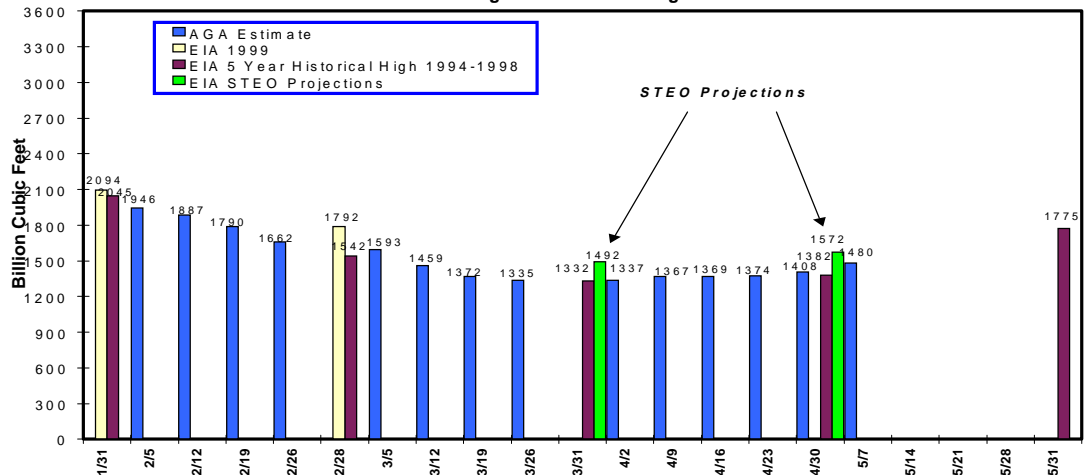


Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
05/08	81	78	3
05/09	81	79	2
05/10	77	79	-2
05/11	78	80	-2
05/12	79	81	-2
05/13	81	81	0
05/14	81	81	0

Working Gas In Storage

Working Gas Volume as of 05/07/99		
	BCF	% Full
EAST	671	37
WEST	244	50
Prod Area	565	60
U. S.	1480	46

Source: AGA



The NYMEX futures contract for June delivery at the Henry Hub opened on Monday, May 17, at \$2.285 per MMBtu, virtually the same as Friday's settlement price. Most of the country continued to experience seasonal weather last week. The six cities monitored for high temperatures (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York) had daytime highs that averaged in the 70s and low 80s last week. The warmest weather occurred in Houston and Miami where the temperatures reached the low 90s on Friday and were forecasted to continue through the weekend. The near-month (June) futures contract began the week at \$2.302 per MMBtu, moved down more than 10 cents by Wednesday, then recovered to almost \$2.29 by Friday. Spot prices at the Henry Hub started the week generally stable between \$2.25 to \$2.30 per MMBtu, then, reacting to the drop in the June NYMEX contract, moved down 10 cents at midweek before following the futures contract up to end the week at about \$2.30. During the first week of May, net additions to storage were at the highest level of the refill season as the daily average exceeded 10 Bcf per day. The latest reports from the Bureau of Labor Statistics (BLS) indicate that in contrast to the recent 15 percent increase in the price of motor gasoline, the price of natural gas to the residential consumer declined by 1 percent between March and April of this year. The price of West Texas Intermediate crude oil dropped below \$17.60 per barrel in midweek before trending back up to end the week at \$18.05 - roughly equivalent to \$3.15 per MMBtu.

**Storage:** The American Gas Association (AGA) estimates that additions to storage for the week ended Friday, May 7, were 72 Bcf-more than twice the level seen the previous week. This brings total working gas inventories as estimated by AGA to 1,480 Bcf, the largest stock level at this point in the year for the more than five years of AGA data, and 103 Bcf higher than last year at this time. According to AGA, stock surpluses over last year's levels are located in two regions: the Producing region with an additional 75 Bcf and the West Consuming region at 45 Bcf higher. The East Consuming region's deficit of 17 Bcf from last year's level of 688 Bcf partially offsets these positive differentials. EIA data indicate that additions to storage in May of last year were almost 400 Bcf-the highest level since 1993 and a level not likely to be reached this year.

**Spot Prices:** The spot market price at the Henry Hub trended down during the first three days of the week as it continued to mimic the NYMEX near-month (June) contract price, reaching a low of \$2.19 per MMBtu on Wednesday (see price graph). This pattern, known as "following the screen," appears to be the dominant trend in prices. The prevailing market fundamentals consisting of: adequate supply, generally seasonal weather, no transmission bottlenecks, and elevated stock inventories, are expected to remain in place for the near-month. Prices movements at most other major market locations also showed similar patterns which continued usual regional price differentials. At the end of last week the lowest prices were again in the Rockies at \$1.99 per MMBtu and some of the highest posted prices were along the Gulf Coast in Louisiana at \$2.30.

**Futures Prices:** Similar to last week, prices for the NYMEX futures contract for June delivery at the Henry Hub displayed a moderate level of variability as they moved down about 10 cents per MMBtu by midweek, then reversed to end the week at \$2.288 per MMBtu. Interest in the June NYMEX contract was robust for this period in the trading cycle. For the period Tuesday through Thursday of last week, almost 140,000 contracts were entered into for June delivery. Last month, less than 90,000 of the May contracts were drawn up during the same period. The June contract closes on May 27.

**Summary:** Seasonal temperatures continued in most parts of the country. Spot market prices again took their lead from trading for the NYMEX near-month (June) futures contract. Weekly net injections to storage attained their highest level of the refill season as more than 10 Bcf per day was added to stocks in the first week of May.