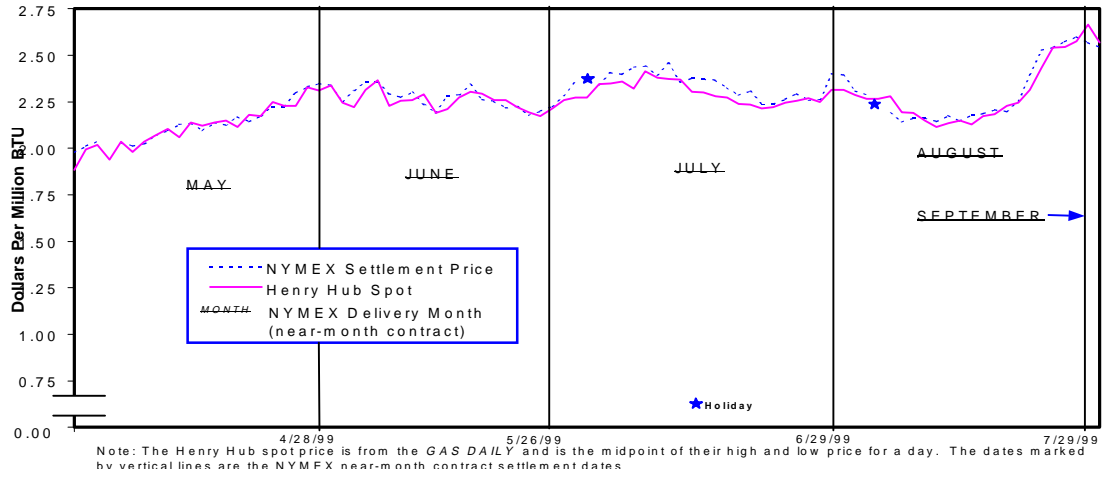


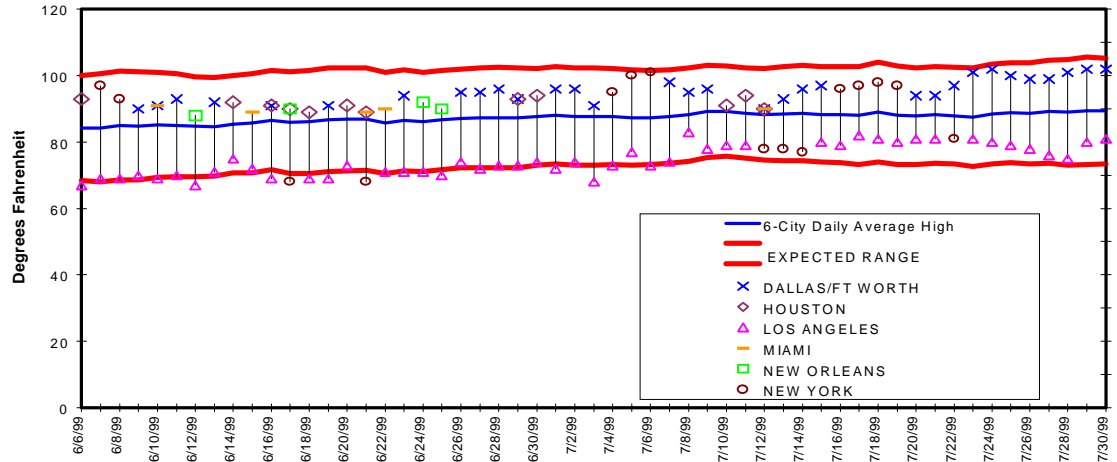
**HENRY HUB PRICE  
SPOT FUTURES**  
July Aug/Sept  
Del Del  
(\$ per MMBtu)

07/26	2.52-2.56	2.542
07/27	2.53-2.56	2.574
07/28	2.56-2.59	2.601
07/29	2.64-2.69	2.569
07/30	2.53-2.61	2.543

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



**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)

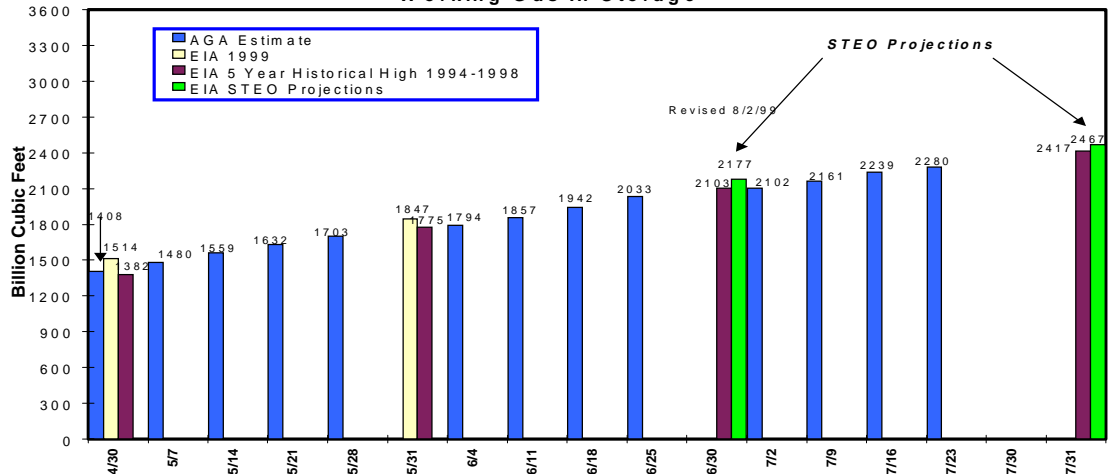


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

**Average High Temperature for  
Six Major Electricity  
Consuming Cities**

	Actual	Normal	Diff
07/24	93	88	5
07/25	92	89	3
07/26	91	89	2
07/27	92	89	3
07/28	94	89	5
07/29	93	89	4
07/30	93	89	4

**Working Gas In Storage**



**Working Gas Volume  
as of 07/23/99**

	BCF	% Full
EAST	1179	65
WEST	365	74
Prod Area	736	78
U. S.	2280	70

Source: AGA

The NYMEX futures contract for September delivery at the Henry Hub opened on Monday, August 2, at \$2.55 per MMBtu, virtually the same as Friday's settlement price but \$0.05 less than Wednesday's closing price for the August contract (\$2.601). The hot weather affecting most of the country east of the Rocky Mountains continued last week. Temperatures near or above 100 degrees were reported in many cities, including Omaha, Chicago, Dallas, and New York. With the demand for air-conditioning high for the second consecutive week, natural gas use by electric utilities remained strong as power use was at record levels. Prices on the spot market at the Henry Hub began the week up 10 cents at about \$2.55 per MMBtu and reached a high of \$2.67 on Thursday. In contrast, the new near-month futures contract for September moved down more than 6 cents per MMBtu to end the week at \$2.543. Net injections to storage were at their lowest level in several months as additions to stocks averaged less than 6 Bcf per day for the week earlier. West Texas Intermediate crude oil continued to be traded above \$20.50 per barrel—roughly equivalent to \$3.55 per MMBtu.

**Storage:** According to the American Gas Association (AGA), net injections for the week ended Friday, July 23, were 41 Bcf. This was 37 Bcf less than the previous week's total of 78 Bcf and the lowest weekly amount since mid-April. The recent widespread hot weather is a key factor in this sharp drop in net additions to inventory. There were also several reports in the industry press of some marketing companies withdrawing gas from storage to make it available for sale in this high demand period, which has seen some of the highest prices in over a year. Most of the decrease in additions occurred in the East Consuming region, which added 30 Bcf—a drop of 26 Bcf from the previous week, while the Producing region added 1 Bcf—a drop of 13 Bcf from the previous week's 14 Bcf. The West Consuming region, where temperatures have been moderate most of the summer, increased 2 Bcf in net additions over the previous week for a net gain of 10 Bcf. Hot weather and elevated prices may also result in reduced additions to storage during the last week of July. EIA data indicate that last year 284 Bcf was added to stocks in July for a weekly average of about 65 Bcf. AGA estimates for the 3 full weeks of July beginning on July 3 have averaged less than 60 Bcf per week. Total working gas on hand at the end of the third week of July is estimated by AGA to be 2,280 Bcf, 43 Bcf less than the 2,323 Bcf at the same time last year.

**Spot Prices:** For the second consecutive week, the spot price at the Henry Hub and most major market locations that serve the Midwest and the East moved up during this high demand period brought on by the heat wave. The week's highest prices occurred on Thursday and ranged from a low of \$2.55 per MMBtu in Oklahoma to a high of \$2.75 in Chicago. On Friday, the price moved down at most locations as most weather forecasts were calling for moderating temperatures for most of the country this week. Prices at market hubs that serve the West remained between \$2.20 and \$2.25 per MMBtu last week.

**Futures Prices:** On July 28, the August futures contract closed at \$2.601 per MMBtu. This is \$0.34 higher than the July contract's final settlement price (\$2.261) and the highest NYMEX near-month close since the November 1997 contract closed at \$3.266 per MMBtu. On Wednesday, all futures contracts for the next 6 months were trading above the August contract price, with prices ranging from \$2.606 per MMBtu for September to \$2.898 for the January 2000 contract. Prices had declined 2 to 4 cents per MMBtu by Friday, July 30, but remained about \$0.50 per MMBtu ahead of last year at the same time for each of the next 6 months.

**Summary:** The heat wave continued last week, and prices remained at their highest levels in more than 18 months. The weekly storage refill rate for the week ending July 23 slowed to its lowest level since April, but stocks still remain close to last year's 5-year record high.