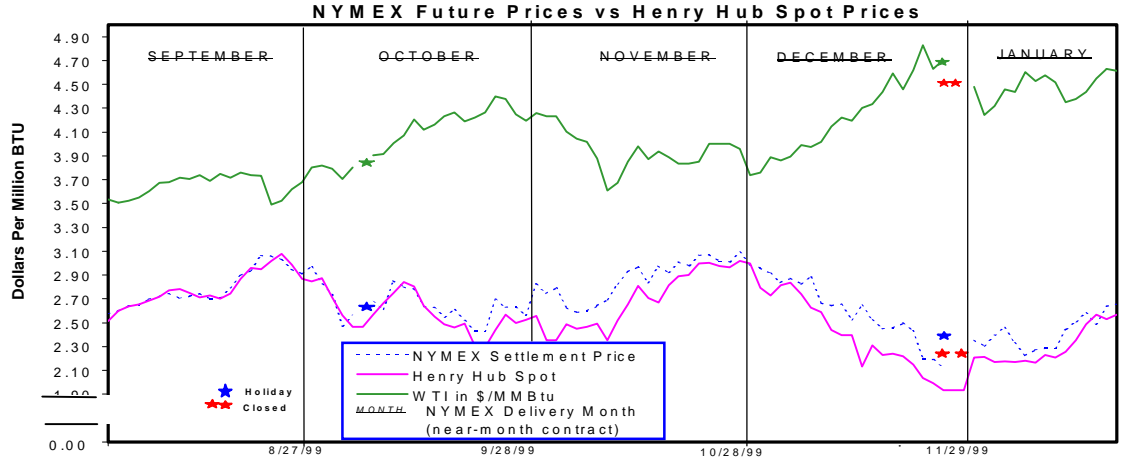
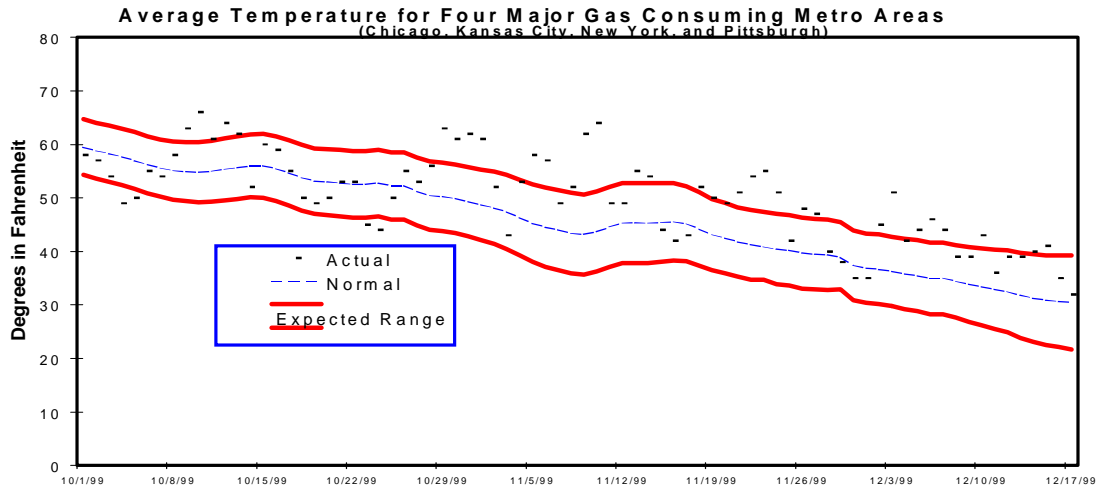


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	December	January
	Del	Del
12/13	2.31-2.39	2.509
12/14	2.46-2.51	2.585
12/15	2.53-2.60	2.486
12/16	2.51-2.55	2.686
12/17	2.55-2.58	2.655



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.

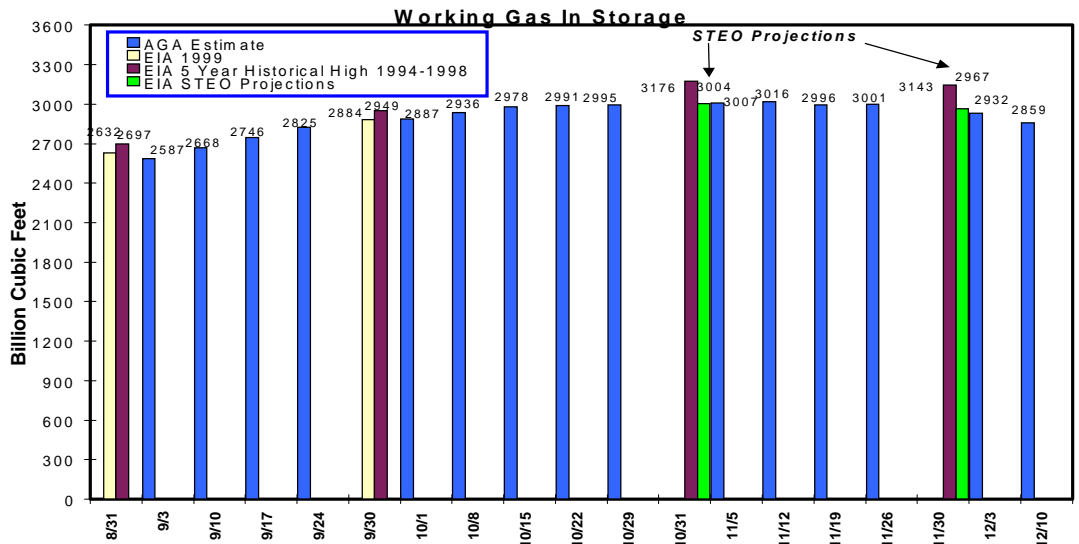
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/11	36	33	3
12/12	39	33	7
12/13	39	32	7
12/14	40	31	9
12/15	41	31	10
12/16	35	31	4
12/17	32	30	2



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 12/10/99		
	BCF	% Full
EAST	1621	90
WEST	423	86
Prod Area	815	86
U. S.	2859	88

Source: AGA



The NYMEX futures contract for January delivery at the Henry Hub opened on Monday, December 20, at \$2.680 per MMBtu, \$0.025 higher than Friday's settlement price. The season's first widespread period of cold weather moved into the Midwest last week, lowering nighttime temperatures from Kansas to Ohio into the 20's or below, with little relief during the daytime as temperatures in St. Louis, Chicago, and Cleveland remained in the mid 30's most days. Forecasts are calling for this weather pattern to move eastward into the Northeast this week lowering temperatures and bringing the first measurable snow of the season to some areas. Spot prices at the Henry Hub moved up most days ending the week at \$2.56 per MMBtu—\$0.30 higher than on the previous Friday. The NYMEX futures contract moved up \$0.21 per MMBtu for the week. The spot market price for West Texas Intermediate crude oil trended up most days as it gained \$1.50 per barrel and ended the week at \$26.75, or \$4.61 per MMBtu. The most recent Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for November indicates that the cost of natural gas to residential consumers increased 4.8 percent nationally between October and November of this year and was 6.8 percent higher than in November 1998. On a regional basis, the size of the monthly increase varied widely from a low of 0.7 percent reported for Washington/Baltimore to a high of 36 percent for Boston as winter rates began in that market (according to BLS, the November 1998 price in Boston was almost 5 percent higher than in November 1999). Prices decreased in Dallas (-6 percent) and Los Angeles (-5 percent) between October and November while Detroit, Houston, Philadelphia, and Seattle reported little or no change.

**Storage:** For the second consecutive week, operators have withdrawn significant volumes from storage. Average withdrawals exceeded 10 Bcf per day based on the American Gas Association (AGA) estimate of 73 Bcf for the week ending Friday, December 10. All three storage regions had drawdowns over this period, with the Consuming East reporting 37 Bcf while operators in the Producing region and the Consuming West used 22 Bcf and 14 Bcf, respectively. The EIA has revised slightly its estimates for stock levels in September and October based on recent data submitted by respondents to the EIA monthly storage data collection survey. These data reduce the level of working gas available at the end of September to 2,884 Bcf compared to the earlier estimate of 2,951, and correspondingly lowered the end-of-October level to 3,004 Bcf from 3,101. Stock levels at the end of November are estimated by the EIA at 2,967 Bcf, and given the AGA estimated withdrawals over the past 2 weeks, working gas in storage would be 2,864 Bcf for the week ended Friday, December 10. Last week's low temperatures in the major gas-consuming areas of the Midwest are expected to contribute to increased consumption and a third consecutive week of robust stock withdrawals.

**Spot Prices:** This winter's first episode of more seasonal temperatures appears to be a key factor in a \$0.30 per MMBtu increase in spot prices at the Henry Hub. In addition to the weather-related demand, the increase in spot prices last week could have been influenced by the upward, though erratic, movements of the January NYMEX contract. For the week, it gained \$0.21 per MMBtu compared with a gain of \$0.30 for the spot price at the Henry Hub. Prices moved up at most major market locations. Some examples of this trend were: Katy in East Texas, up \$0.30 per MMBtu to \$2.51, Midcontinent in Oklahoma, up \$0.32 to \$2.46, Waha in West Texas, up \$0.28 to \$2.48, and in San Juan Basin in New Mexico, up \$0.24 to \$2.43.

**Futures Prices:** The NYMEX futures contract for January delivery displayed a renewed level of price variability last week as daily settlement prices moved both up and down between 2 and 15 cents per MMBtu. The January contract ended the previous week at \$2.446 per MMBtu and ended trading at \$2.655 on Friday, December 17—up \$0.21 for the week. Interest in the contract appears to be strong with just over 200,000 January contracts entered into last week compared with less than 150,000 for the same week last year.

**Summary:** After more than 3 weeks of stable prices, both the spot and futures markets moved up last week as the season's first period of winter-like weather spread below-freezing temperatures throughout much of the Midwest. The BLS reported that prices to residential consumers increased 4.8 percent between October and November of this year. Stocks remain at a more than adequate level following another week of significant net withdrawals during the second week of December.