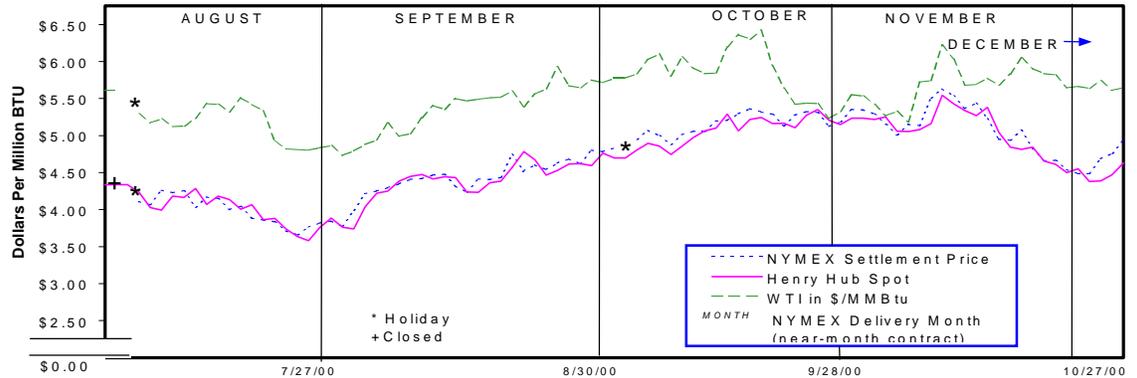


**NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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 West Texas Intermediate crude oil price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

**HENRY HUB PRICE**

(\$ per MMBtu)

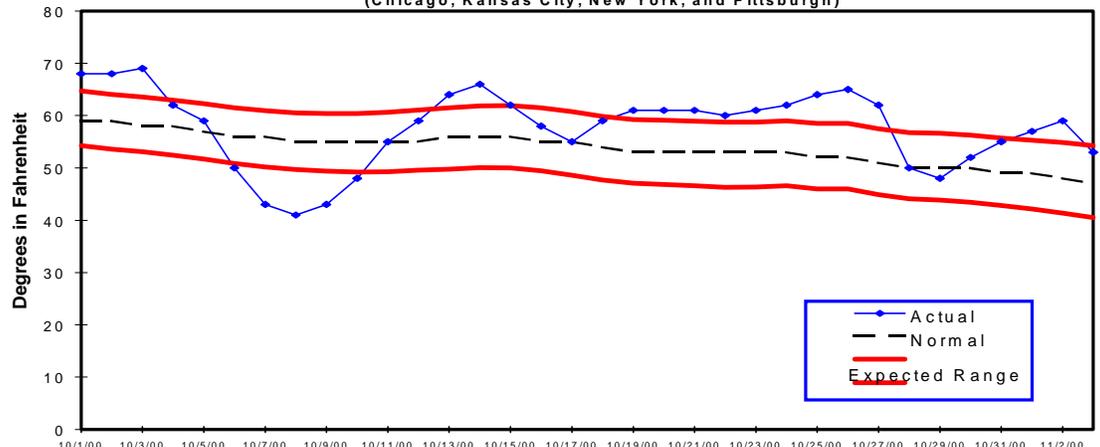
**SPOT FUTURES**

October November

Del Del

10/30	4.48-4.62	4.485
10/31	4.32-4.44	4.490
11/01	4.33-4.45	4.686
11/02	4.42-4.52	4.760
11/03	4.58-4.68	4.931

**Average Temperature for Four Major Gas Consuming Metro Areas (Chicago, Kansas City, New York, and Pittsburgh)**

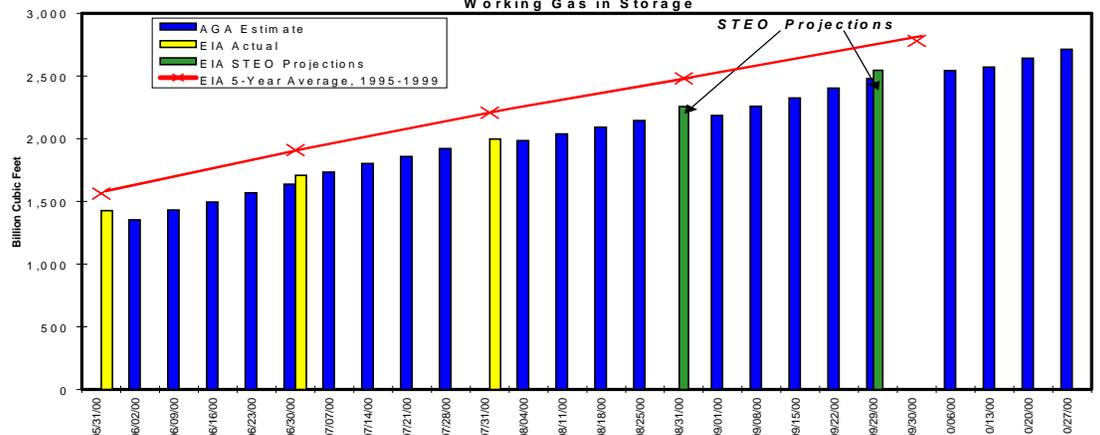


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Average Temperature for Four Major Gas Consuming Areas**

	Actual	Normal	Diff
10/28	50	50	0
10/29	48	50	-2
10/30	52	50	2
10/31	55	49	6
11/01	57	49	8
11/02	59	48	11
11/03	53	47	6

**Working Gas in Storage**



**Working Gas Volume as of 10/27/00**

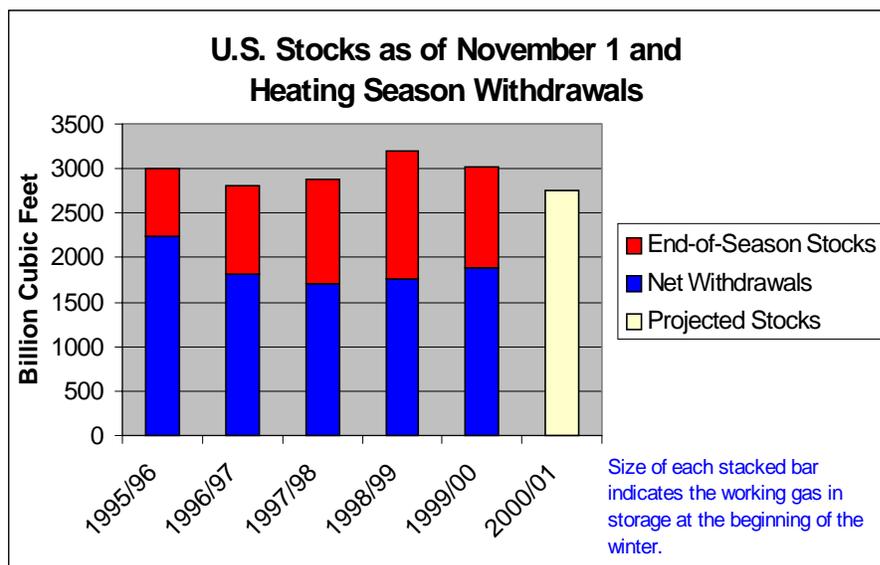
	BCF	% Full
EAST	1661	91
WEST	385	76
Prod Area	666	70
U. S.	2712	82

Source: AGA

The spot price at the Henry Hub ended the week below \$5.00 per MMBtu for the second week in a row, despite an upward trend that began at mid-week that added 13 cents to the price. The generally warmer-than-normal temperatures in the eastern third of the country over the past two weeks have been a key factor in the recent price softness (see Temperature graph). The latest National Weather Service (NWS) 6-to-10-day forecast projects this weather pattern to continue in most of the East but calls for below-average temperatures arriving in the West. On the NYMEX futures market the contract for December delivery at the Henry Hub ended its first week of trading at \$4.931 per MMBtu—up 30 cents from the previous Friday's settlement. The price of West Texas Intermediate crude oil remained below \$33.00 per barrel most days and ended the week unchanged from Friday, October 27 at \$32.75 or about \$5.65 per MMBtu.

**Storage:** The latest weekly estimate for injections to storage from the American Gas Association (AGA) was 70 Bcf for the week ending October 27—virtually the same as the previous week's 71 Bcf. During this two-week period, the generally mild temperatures in the Northeast appear to have contributed to the average 10 Bcf per day of additions to stocks compared to about 6 Bcf per day earlier in October. The EIA-estimated stock level ended at 2,722 Bcf, or about 8 percent less than the 2,955 Bcf 5-year average. The East region is particularly well positioned for the winter after adding 48 Bcf to achieve 1,763 Bcf in storage, just 3.2 percent less than the 5-year average. The Producing and West regions, where markets are generally less influenced by extreme winter weather, had net additions of 17 and 5 Bcf, respectively, but these volumes still fell about 15 percent short of 5-year averages. With four more days in October to be included in the next weekly AGA storage estimates, total natural gas inventories should be close to 2,800 Bcf on the traditional start of the heating season (November 1).

The EIA 5-year average (1995-99) for working gas stocks at the beginning of the heating season is 2,982 Bcf with the low for that period in 1996 (2,810 Bcf) and the high in 1998 (3,191 Bcf). During this period the highest level of net withdrawals occurred in 1995-96 when 2,238 Bcf was taken from storage to meet demand in a winter that had heating degree days 4 percent above normal. At the end of March 1996, 758 Bcf of working gas remained in storage. In light of the projected stocks entering the heating season, working gas in storage seems more than adequate to meet drawdowns comparable to the volumes recorded in any of the past 5 years.



**Spot Prices:** At the Henry Hub, spot prices began the week up 5 cents per MMBtu then moved down sharply in Tuesday's trading and remained flat at mid-week, holding at \$4.39 on Wednesday. The price then moved up 8 cents per MMBtu on Thursday and twice that amount on Friday to end the week at \$4.63. A continuation of the strong storage injection activity seen over the last two weeks could be contributing to this upturn, along with the sharp rise in prices on the futures market. Prices at other markets on Friday were: \$4.58 per MMBtu at Katy in East Texas, \$4.57 at Waha in West Texas, and in the \$4.20s at most locations in the Rockies. All these prices were \$0.25 to \$0.75 lower than on the Friday before the recent downturn began (October 13).

**Futures:** The December contract became the near-month contract at the start of last week, settling at \$4.485 per MMBtu on its first day in that position. Between Tuesday and Friday, the near-month price gained \$0.446 to end the week at \$4.931. Even with last week's price increases, prices for all remaining NYMEX future contracts for this winter season ended last week below \$5.00 per MMBtu for the second week in a row. Prices ranged from a high for January at \$4.972 to a low for March at \$4.607 per MMBtu.

**Summary:** In the past two weeks, the spot price for natural gas at the Henry Hub appears to have stabilized below \$5.00 per MMBtu. With adequate stocks, forecasts for normal to above normal temperatures in the Northeast, and generally lower crude oil prices, the only real catalysts for higher spot prices appear to be activity in the futures market and localized reports of colder weather.