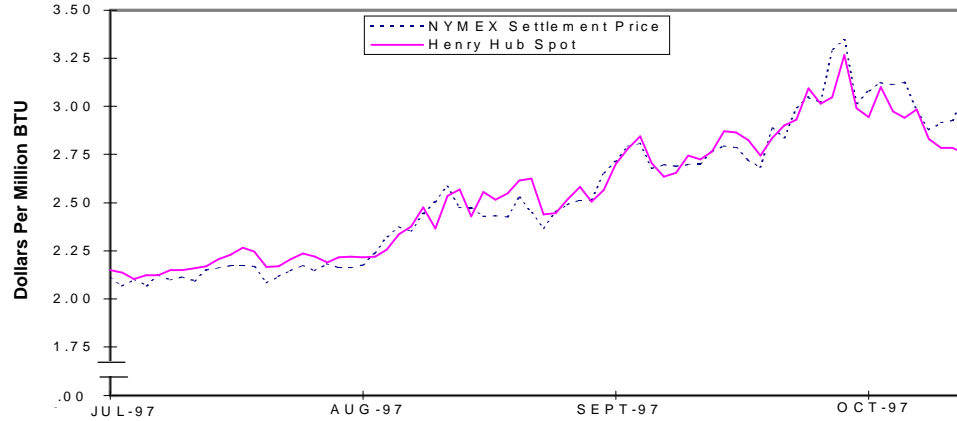


**NYMEX Future Prices vs Henry Hub Spot Prices**

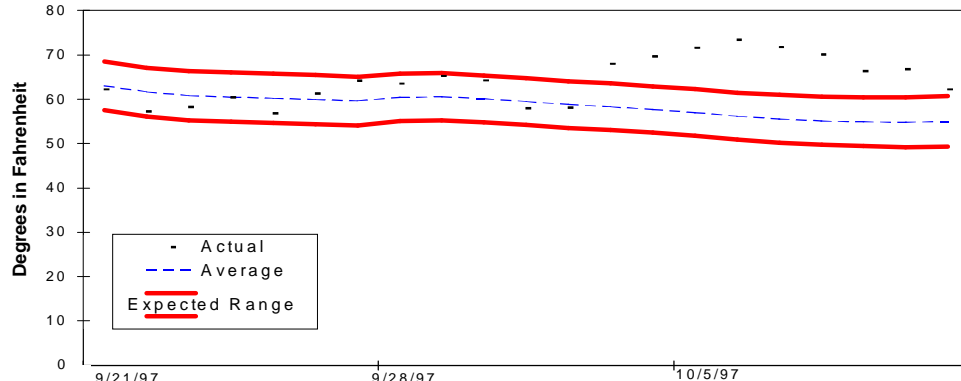
HENRY HUB PRICE		
	SPOT	FUTURES
	Oct	Nov
	Del	Del
	(\$ per MMBtu)	
10/06	2.94-3.03	2.979
10/07	2.79-2.87	2.877
10/08	2.75-2.82	2.915
10/09	2.76-2.81	2.926
10/10	2.72-2.79	3.082



**Average temperature for Four Major Gas Consuming Metro Areas**

(Chicago, Kansas City, New York, and Pittsburgh)

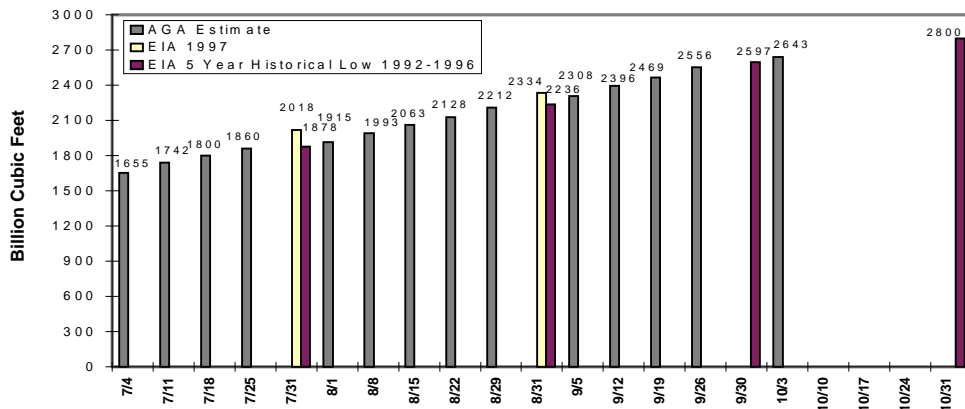
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
10/05	72	57	15
10/06	73	56	17
10/07	72	56	16
10/08	70	55	15
10/09	66	55	11
10/10	67	55	12
10/11	62	55	7



**Working Gas In Storage 1997**

Working Gas Volume as of 10/3/97		
	BCF	% Full
EAST	1601	89
WEST	357	74
Prod Area	658	75
U. S.	2643	83

Source: AGA



The NYMEX futures price for November delivery at the Henry Hub opened Tuesday, September 14, at \$3.030 per MMBtu, virtually the same as Monday's settlement price and down from Friday's \$3.082 level. As the heating season (November to March) approaches, the cities that are monitored for daily temperatures in this weekly market update have been changed to Chicago, Kansas City, New York, and Pittsburgh. A graph of the daily average of the high and low temperatures for these cities are presented along with the National Weather Service's historical daily average normal temperature. The graph also shows a statistically-estimated daily temperature range, based on temperature data for these cities over the previous 10 years. During the past week, average temperatures in the monitored cities were 7 to 17 degrees above normal as the unseasonably warm weather pattern that began in early October continued in most parts of the country. Spot prices at the Henry Hub moved down most days last week and by Friday were about \$2.75 per MMBtu - a level not seen since mid-September. Early in the week the futures price at the Henry Hub was down almost \$0.25 per MMBtu before it gained over \$0.15 on Friday and ended the week at \$3.082. The latest estimate for net injections was the same as that for the previous week at 87 Bcf. The price of West Texas crude oil remained steady during the week at about \$22.10 per barrel.

**Storage:** According to American Gas Association (AGA) estimates, net injections for the week ended October 3, matched the 87 Bcf level of the previous week. Consuming East facilities added 55 Bcf to reach an estimated 1,601 Bcf, identical to AGA estimates as of this time last year. The Producing region added 27 Bcf and the Consuming West added 5 Bcf, putting their inventories at 685 Bcf and 357 Bcf, respectively - about 7 to 8 percent greater than year-ago levels. AGA estimates total inventories as of October 3 to be 2,643 Bcf, almost 3 percent greater than its estimate of 2,569 Bcf at this time last year. In comparison, EIA's estimate for end-of-September inventories is 2,691 Bcf. Both data series indicate that total injections during September exceeded the EIA 5-year average for the month of 330 Bcf. With 4 full weeks remaining in October, a net injection rate of just over 27 Bcf per week would bring storage stocks to last year's beginning-of-heating-season levels. While injections do normally drop off in October, an average of 27 Bcf per week would be only about half of average October weekly injections over the past 2 years, based on EIA data.

**Spot Prices:** Prices had their second consecutive week of significant declines. On Friday, October 10, the spot price at the Henry Hub was about \$2.75 per MMBtu, a drop of more than \$0.50 since September 26. This price was almost \$0.35 per MMBtu below the NYMEX futures price for November delivery. Low demand in many parts of the country because of the extended period of unseasonably warm temperatures contributed to the decrease in spot prices. However, on Monday, the market appeared to be reacting to Friday's upswing on the futures market, as the cash price moved up more than \$0.10 per MMBtu.

**Futures Prices:** The futures contract for November delivery at the Henry Hub stayed below \$3.00 per MMBtu most days last week before it rebounded on Friday to end the week at \$3.082 -up almost \$0.16. Friday's trading saw a return of price volatility during the opening and closing of trading. On Friday the November NYMEX contract traded in a range of more than \$0.22 per MMBtu for the day, while the previous 4 days had an average range of \$0.10. On Monday, October 13, the November contract at the Henry Hub again moved down and ended the day at \$3.033 per MMBtu.

**Summary:** The second consecutive week of summer-like temperatures appears to have kept downward pressure on spot market prices last week. Futures prices also continued to decline most days last week before rebounding on Friday. The industry's storage refill rate remained robust during the last part of September and early October.