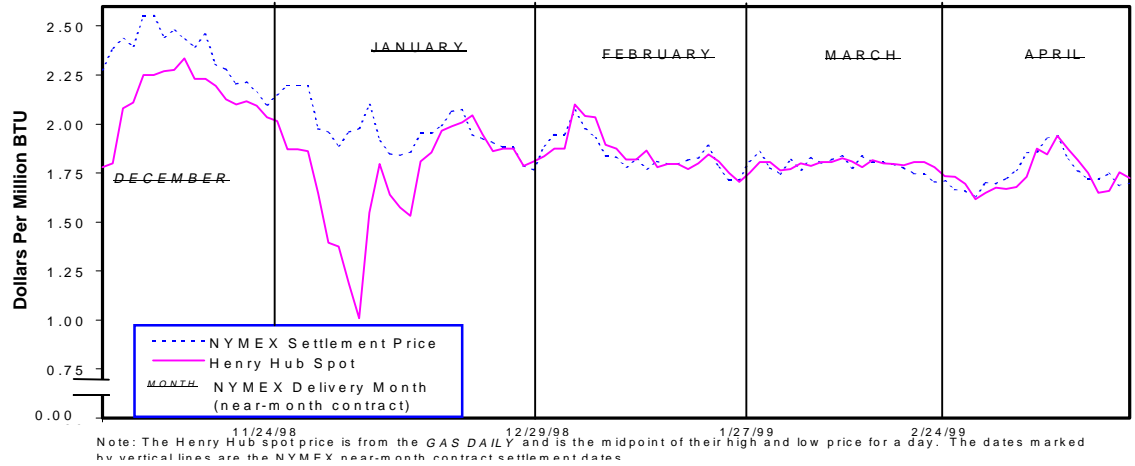
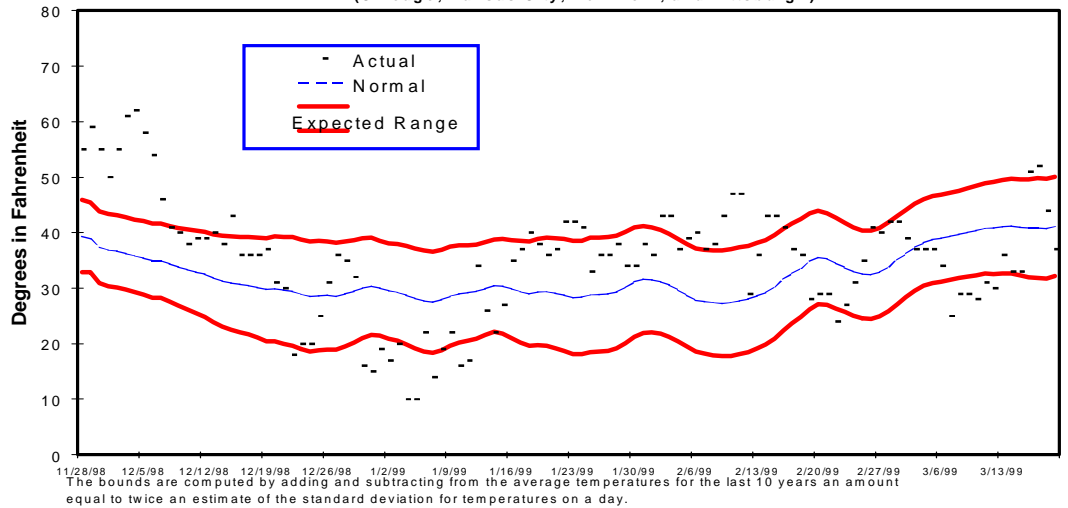


NYMEX Future Prices vs Henry Hub Spot Prices



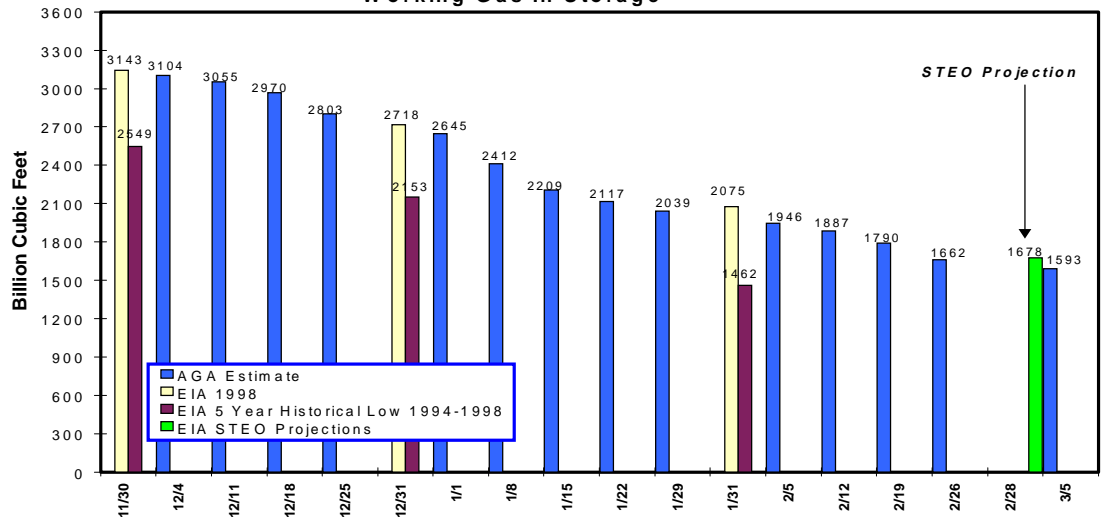
HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	March	April
	Del	Del
3/15	1.73-1.77	1.717
3/16	1.64-1.66	1.717
3/17	1.63-1.69	1.748
3/18	1.74-1.77	1.687
3/19	1.71-1.74	1.699

**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
3/13	36	41	-5
3/14	33	41	-8
3/15	33	41	-8
3/16	51	41	10
3/17	52	41	11
3/18	44	41	3
3/19	37	41	-4

Working Gas In Storage



Working Gas Volume as of 3/12/99		
	BCF	% Full
EAST	646	36
WEST	265	54
Prod Area	548	58
U. S.	1459	45

Source: AGA

The NYMEX futures price for April delivery at the Henry Hub opened Monday, March 22, at \$1.690 per MMBtu, virtually the same as Friday's settlement price. Temperatures in most parts of the country moderated last week and the forecasts are calling for springtime weather to begin this week. Spot prices moved down most days and ended last week at about \$1.72 per MMBtu—about \$0.10 below prices the previous Friday. The near-month (April) futures contract also trended down most days and finished the week 6 cents lower than on the previous Friday at \$1.699 per MMBtu. In response to the colder-than-normal temperatures during the second week of March, storage withdrawals more than doubled from levels the previous week as the daily drawdown averaged more than 19 Bcf. The price of crude oil on the world market continued to move up last week as Saudi Arabia announced it was prepared to reduce its production by more than 600,000 barrels per day beginning April 1. The price of West Texas Intermediate crude oil moved up \$0.75 per barrel to end the week at \$15.25—roughly equivalent to \$2.65 per MMBtu. The price of low sulfur (less than 1 percent) residual fuel oil also moved up and was trading for about \$1.80 per MMBtu in New York Harbor and for \$1.71 along the Gulf Coast. According to the Bureau of Labor Statistics (BLS) data for February, the seasonally adjusted price index for natural gas delivered to residential customers decreased slightly—less than 1 percent—between January and February.

Storage: According to the American Gas Association (AGA), an estimated 134 Bcf of gas was withdrawn from storage in the week ending Friday, March 12. This is the highest total since the week ending January 15, when more than 200 Bcf was withdrawn in a week. Even with this increase in withdrawals, the level of gas on hand at the end of the second week of March was still 355 Bcf greater than at the same time last year (1,459 vs. 1,104 Bcf). It appears that the level of working gas remaining at the end of March will be the highest since 1994 when stocks totaled 1,385 Bcf.

Spot Prices: Spot prices at the Henry Hub began last week down about \$0.10 per MMBtu at \$1.74. Prices then continued to trend down until reaching a low of \$1.65 per MMBtu on Wednesday. On Thursday, prices “bounced” back to \$1.75 per MMBtu in large part because of reports of larger-than-expected storage withdrawals during the second week of March. The spot price at the Henry Hub ended the week at \$1.72 per MMBtu on Friday. Prices at other major market locations at the end of last week ranged from a low of \$1.50 per MMBtu in the Rockies to a high of \$1.89 at Chicago.

Futures Prices: The futures contract for April delivery settled below \$1.70 per MMBtu at the end of last week—more than \$0.20 lower than its trading price on March 10 (\$1.915). Many in the industry appear to have concluded that the winter of 1998-99 has ended, and they are now looking at summertime air-conditioning demand and to next winter. The July and August contracts were trading for \$1.85 per MMBtu on Friday while the January 2000 contract was on the board at \$2.40. Meanwhile, several market observers are calling for the April contract to close at or below \$1.60 per MMBtu when it expires on Monday, March 29.

Summary: Prices on both the spot and futures markets trended down most days during the final days of a winter season that was about 12 percent warmer-than-normal. Storage withdrawals in the second week of March were robust at 134 Bcf, but it appears that stocks will end the heating season at their highest level in 5 years.