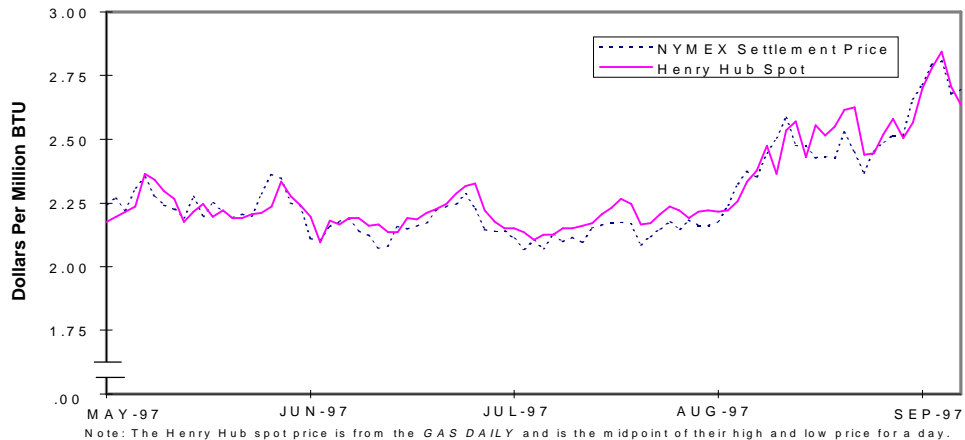
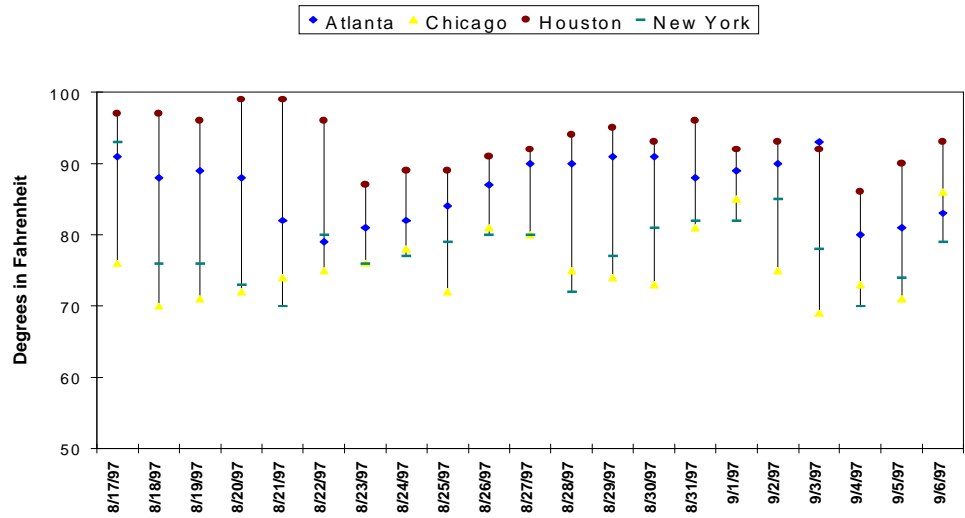


NYMEX Future Prices vs Henry Hub Spot Prices



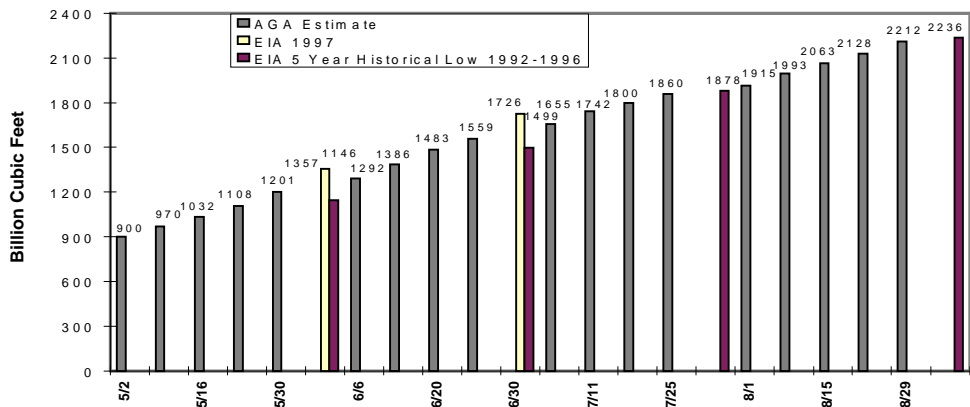
HENRY HUB PRICE		
	SPOT	FUTURES
	Sept	Oct
	Del	Del
	(\$ per MMBtu)	
09/01	closed	closed
09/02	2.74-2.82	2.793
09/03	2.80-2.89	2.807
09/04	2.69-2.72	2.677
09/05	2.60-2.67	2.697

High Temperature for Four Selected Cities



Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
08/31	78	75	3
09/01	77	75	2
09/02	78	75	3
09/03	75	75	0
09/04	69	75	-6
09/05	68	74	-6
09/06	74	74	0

Working Gas In Storage 1997



Working Gas Volume as of 08/29/97		
	BCF	% Full
EAST	1327	74
WEST	331	69
Prod Area	554	60
U. S.	2212	69

Source: AGA

The NYMEX futures price for October delivery at the Henry Hub opened Monday, September 8, at \$2.640 per MMBtu, \$0.057 less than last Friday's settlement price. Average temperatures in the four cities monitored by this report (Atlanta, Chicago, Houston, and New York) were slightly higher than normal (less than 3 percent) early last week before the cool weather again returned late in the week. On Thursday and Friday the average temperatures were more than 8 percent or 6 degrees Fahrenheit cooler than normal in these cities. This was especially true in the Midwest and the Northeast where daytime temperatures in Chicago, Indianapolis, Philadelphia, and Washington, DC were only in the mid 60s to low 70s during this time. The spot price at the Henry Hub continued the increase begun in early August and on Wednesday was about \$2.85 per MMBtu before dropping to end the week near \$2.65. Similar price volatility was present on the futures market where the October contract settled over \$2.80 per MMBtu on Wednesday then decreased to almost \$2.70 by Friday. Net injections to storage were at their highest weekly level (84 Bcf) in more than 2 months. The price of West Texas crude oil remained generally stable, ending the week at \$19.65 per barrel.

Storage: For the week ending August 29th, estimated injections to storage were at their largest weekly level since late June. According to the American Gas Association (AGA), 84 Bcf were added during the last week of August. This brings the estimated amount of working gas in storage to 2,212 Bcf - 92 Bcf more than last year at this time. The refill rate has slowed over the past two months. For example, as of the end of June, AGA data indicated that an additional 215 Bcf were in storage compared with the 1996 level. As of the end of August, EIA estimates that approximately 2,366 Bcf of working gas was in storage. (EIA data cover the universe of storage facilities. The EIA numbers have typically shown higher working gas storage levels than the AGA numbers over the last 3 years.) Thus to match last year's working gas levels of 2,800 Tcf, about 450 Bcf of gas needs to be added to storage. In comparison, last year during September and October, a total of over 550 Bcf were added to storage.

Spot Prices: The price of natural gas on the Henry Hub spot market increased in the first half of the week and, by Wednesday, postings had reached almost \$2.90 per MMBtu - the highest level seen since January. The price did move down almost \$0.25 per MMBtu over the next two days to end the week near \$2.65. This price is over 50 percent or \$0.90 per MMBtu higher than last year at the same time.

Futures Prices: The price of the October futures contract at the Henry Hub, which closes on September 26th, continued to increase most days last week. It reached a high on Wednesday when it settled at \$2.807 per MMBtu, then dropped \$0.13 per MMBtu on Thursday and ended the week at \$2.697. Last year at this time the October contract was trading at about \$1.80 per MMBtu before it closed at less than \$1.84. The November contract ended last week trading at \$2.822 per MMBtu. Last year the November contract closed at \$2.652 per MMBtu.

Summary: Prices on both the spot and futures markets were more than 50 percent higher than last year at this time. During the last week of August the rate of refill into storage was at its highest level in more than 2 months.