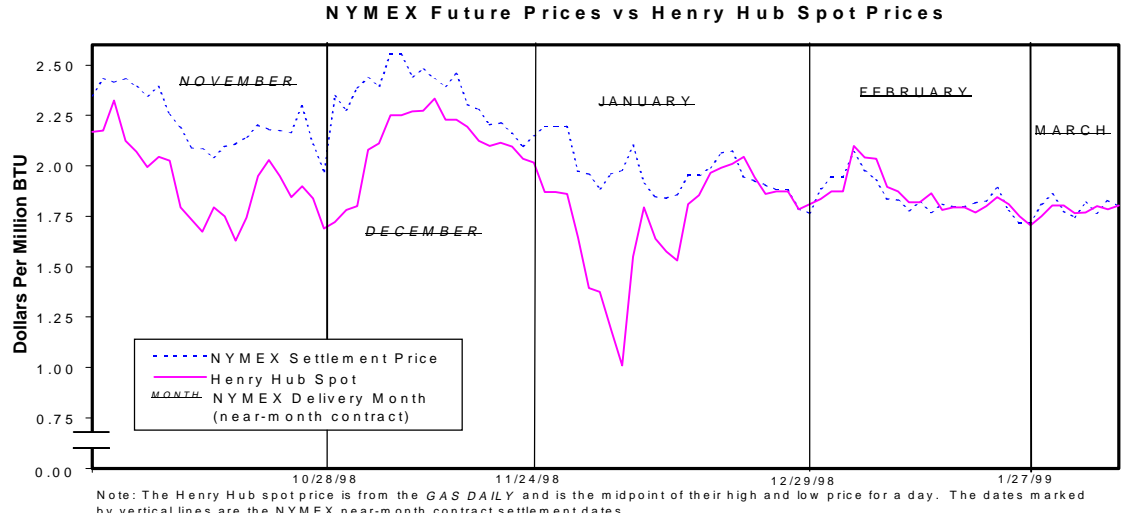
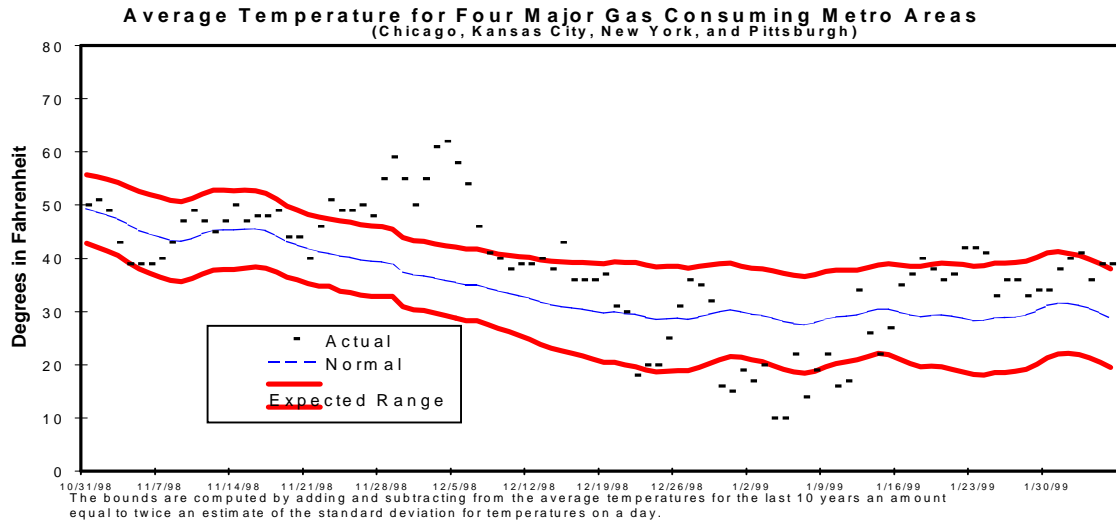


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	February	March
	Del	Del
2/01	1.75-1.78	1.744
2/02	1.75-1.79	1.818
2/03	1.78-1.82	1.765
2/04	1.77-1.80	1.829
2/05	1.79-1.82	1.800



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

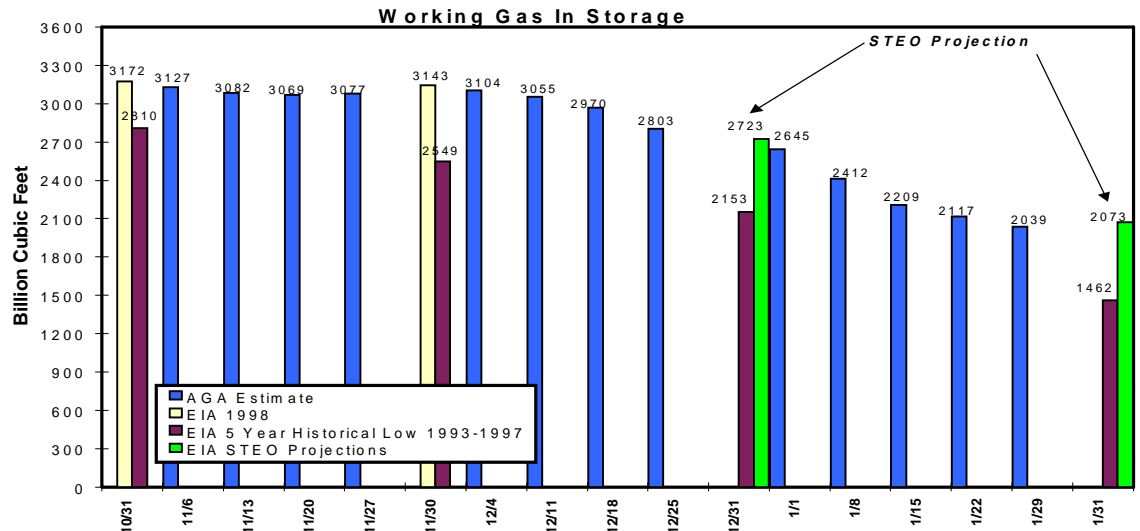
	Actual	Normal	Diff
1/30	34	31	3
1/31	38	32	6
2/01	40	32	8
2/02	41	31	10
2/03	36	31	5
2/04	39	30	9
2/05	39	29	10



**Working Gas Volume as of 1/29/99**

	BCF	% Full
EAST	1069	59
WEST	332	68
Prod Area	638	67
U. S.	2039	63

Source: AGA



The NYMEX futures price for March delivery at the Henry Hub opened Monday, February 8, at \$1.805 per MMBtu, virtually the same as last Friday's settlement price. For the third consecutive week, temperatures were above normal in most parts of the country. Daily average temperatures in the four cities monitored for this report (Chicago, Kansas City, New York, and Pittsburgh), all of which are major gas-consuming markets, ranged between 3 to 10 degrees warmer than normal last week. As a reflection of relatively low demand, spot prices at the Henry Hub traded in a narrow range (\$1.76 to \$1.81 per MMBtu), ending the week off 2 cents at \$1.80. The near-month (March) futures contract also traded in a limited range of 5 cents per MMBtu and ended the week up 3 cents at \$1.80. Withdrawals from storage declined for the second consecutive week, with the average daily rate during the last week of January estimated to be about 11 Bcf per day. The price of West Texas Intermediate crude oil moved down more than \$0.95 per barrel, ending the week at \$11.85—roughly equivalent to \$2.05 per MMBtu. Low sulfur (less than 1 percent) residual fuel oil also trended down last week as it traded for \$1.68 per MMBtu in New York Harbor and \$1.64 along the Gulf Coast.

**Storage:** According to the American Gas Association (AGA), an estimated 78 Bcf was withdrawn from storage during the week ended Friday, January 29. This leaves almost 2,040 Bcf still available with 2 months remaining in the heating season, which is 440 Bcf more than last year at this time (2,039 vs. 1,599 Bcf). If the mild weather continues for the next 7 weeks, as many forecasters (including the National Weather Service) are predicting, total withdrawals for February through March are likely to be similar to levels during the same period in the previous 2 years. The warmer-than-normal weather that prevailed during the first quarter of both 1997 and 1998 (heating degree days were 14 percent and 9 percent lower than normal, respectively) contributed to reduced demand, which in turn prompted average withdrawals for February through March of only about 530 Bcf for these 2 years. If withdrawals for February and March this year are similar, end-of-March inventories will probably exceed 1,500 Bcf and could well be at their highest level in 7 years (1992=1,545 Bcf). Last year, 1,184 Bcf of working gas was available at the end of March—the highest level since 1995's 1,332.

**Spot Prices:** Consistent with another week of mild temperatures and the continuing favorable level of working gas in storage, the spot price at the Henry Hub again traded near \$1.80 per MMBtu most days last week. Prices at other major markets also remained generally flat for the third consecutive week. On Friday, February 5, spot prices ranged from a high of \$2.01 per MMBtu at Transco Zone 6 in New York to a low of \$1.62 in the Rockies. Prices at most other markets along the Gulf Coast, East Texas, and West Texas traded between \$1.65 and \$1.75 per MMBtu again last week.

**Futures Prices:** After moving up and down about 2 to 6 cents per MMBtu between days, the NYMEX futures contract for March delivery ended the week up less than 3 cents at \$1.80. The near-month contract continues to be traded at a level that is within 2 to 3 cents per MMBtu of the Henry Hub spot price. This could be an indication that the market perceives no growth in demand over the next 2 to 3 weeks.

**Summary:** Prices on both the spot and futures markets remained generally flat as the mild weather continued for a third consecutive week. The working gas level of 2,040 Bcf at the end of January is the highest in 4 years.