

# NATURAL GAS REPORT FOR SEPTEMBER 2014

## FUTURES PRICES<sup>1</sup>

The natural gas futures market prices increased in the month of September and experienced fluctuations during the month. The price volatility slightly increased compared to the previous month. The market prices fell early in the month from weather forecasts calling for cool temperatures as the relatively mild late summer weather continued to limit cooling demand. Some of the price fluctuations may have been technically triggered absent compelling fundamental reasons for the movements. For example, the futures market prices surged when the October contract settled up 10.8 cents at \$3.984 per MMBtu on September 9 after continuous declines in the previous days. Nevertheless, the market prices were mainly driven by continually updated weather forecasts and weekly storage reports. While lingering warm weather increased the market prices, moderate temperatures in the shoulder month that did not necessitate significant cooling or heating demand put downward pressures on the market prices. Eventually, weather forecasts of a potential cold October elevated the market prices toward the end of September. The October and September contracts were closed at NYMEX at a price of \$3.984 and \$3.957 per MMBtu, respectively. The September contract price was 11% higher than that of last year while the October contract price was 14% higher than that of the same period last year. The October contract expired at \$3.984 per MMBtu on September 26, compared to \$4.065 per MMBtu at the beginning of the month. On October 16, the NYMEX November futures were at \$3.796 per MMBtu compared to \$3.769 per MMBtu last year.

## U.S. STORAGE LEVELS<sup>2</sup>

Weather during the month of September was warmer than normal though temperatures were fairly seasonal in most of the Midwest and the Atlantic regions. Weekly U.S. natural gas storage injections continued to be robust during the month, exceeding historical averages this time of the year. The relatively mild weather in most of the country and higher natural gas production compared to last year thanks in part to the shale gas boom, among other factors, contributed to the healthy increases in the storage inventory. In particular, 112 Bcf was injected for the week ending September 26. It was the first triple-digit injection since July. From the week ending on April 4 through the week ending on September 26, total storage injections this year exceeded the five-year (2009–2013) historical average for the same period by about 35% and last year's by 28% according to the U.S. Energy Information Administration. The total storage inventories in the U.S. as of September 26 are 3,100 Bcf, 399 Bcf lower than the five-year historical average, while the deficit to the previous year is 373 Bcf.

## SUMMARY

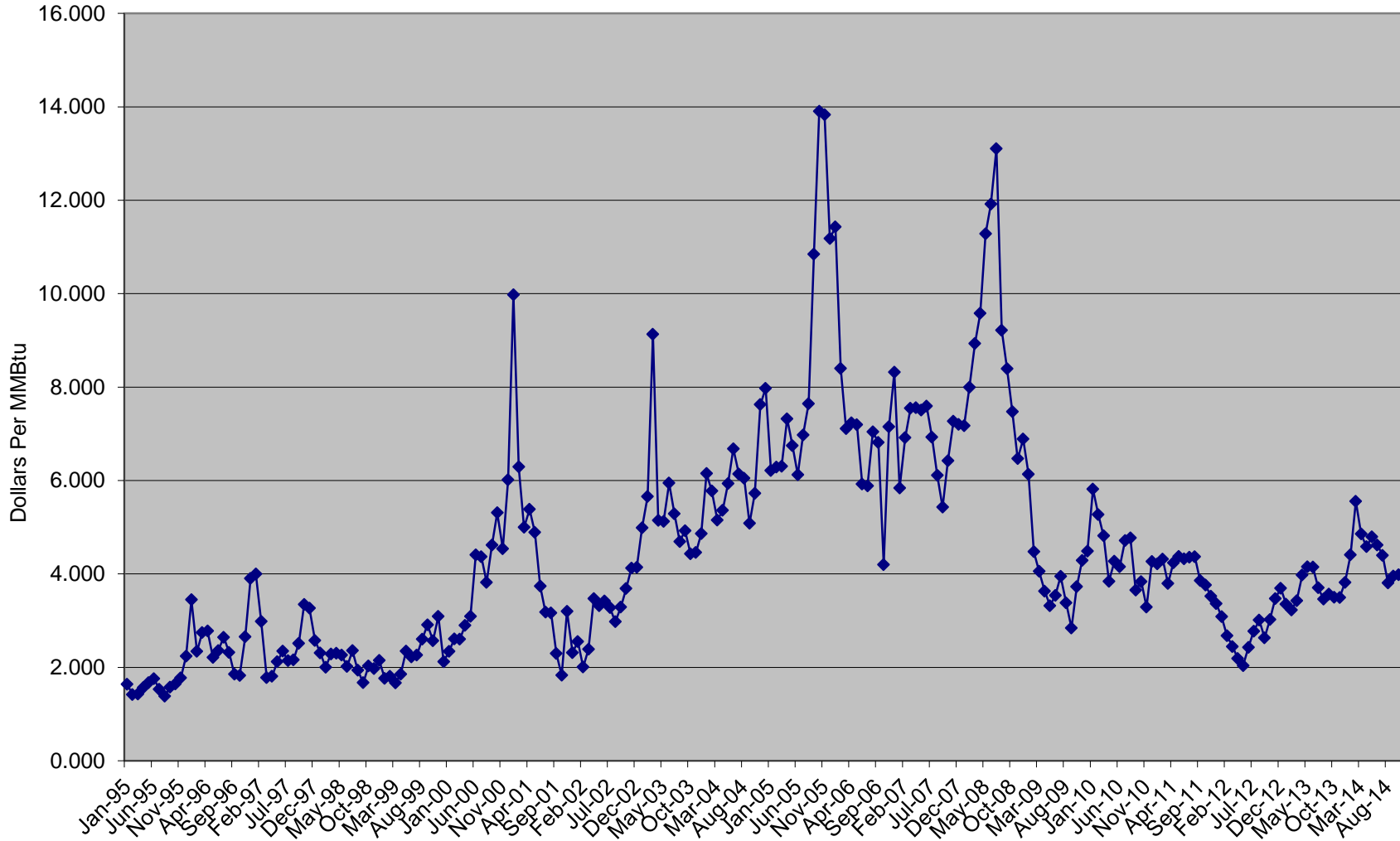
The wholesale price of the natural gas commodity was fully deregulated by the federal government in 1993. Local natural gas distribution companies (LDCs) do not produce the gas they sell but purchase it on an open market at market prices. The Missouri Public Service Commission (PSC) does not regulate the price of the natural gas commodity, but does monitor LDC purchasing decisions. The PSC continues to review the gas purchasing practices of the distribution companies in terms of reasonableness and prudence.

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<sup>1</sup> Data Source: WSJ, CME

<sup>2</sup> Energy Information Administration's Natural Gas Weekly Update

## Monthly Natural Gas Prices



Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet  
Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

# NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 09/26/2014

Future Month Price on 10/13/2014

