

# NATURAL GAS REPORT FOR MARCH 2012

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

The natural gas futures market prices declined in the month of March. A warm weather forecast for the month of March and an anticipation of a mild summer in some regions combined with weak economic data pushed the market prices lower at the beginning of the month. Despite the sporadically short lived upward movements in the month, the downtrend in the market prices continued for most of the month. The price increases during the period were mostly due to technical factors and in response to nuclear plants maintenance and some cold temperatures in the Pacific Northwest. Nevertheless, the weak market fundamentals including, among other factors, a record high storage inventory and a robust production level kept the market prices low in the month. The NYMEX April 2012 contract settled at \$2.302 per MMBtu on March 7. The last time a prompt-month contract settled below \$2.302 was on February 15, 2002. The futures market prices declined further as the storage injection season began relatively early in the middle of the month. The NYMEX May 2012 contract sank to a 10-year low of \$2.126 per MMBtu on March 30. The April and March contracts were closed at NYMEX at a price of \$2.191 and \$2.446 per MMBtu, respectively. The April and March contract prices were about 48 and 36%, respectively, lower than those of the same period last year. The April contract expired at \$2.191 per MMBtu on March 28 compared to \$2.463 per MMBtu at the beginning of the month. On April 23, the NYMEX May futures were at \$2.007 per MMBtu compared to \$4.412 per MMBtu last year.

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

Weather continued to be unseasonably warmer than normal for most of the country during the month of March. In fact, it was the warmest March on record according to the National Oceanic and Atmospheric Administration (NOAA). In addition, this past cold season defined as October 2011 through March 2012 by NOAA was the second warmest on record for the contiguous U.S. The unusually warm weather and very little gas fired heating demand as a result, in addition to a continued increase in supply contributed to much less storage withdrawals than both the previous 5-year (2007-2011) average and last year's level in the month. In fact, over the past 19 years this March marked the fifth time that the first net storage injections occurred as early as the 2<sup>nd</sup> to 3<sup>rd</sup> week in March according to the U.S. Energy Information Administration. The total storage inventories in the U.S. as of March 30 are 2,479 Bcf, 887 Bcf higher than a year ago level, and 934 Bcf above the previous five-year average according to the U.S. Energy Information Administration.

## SUMMARY

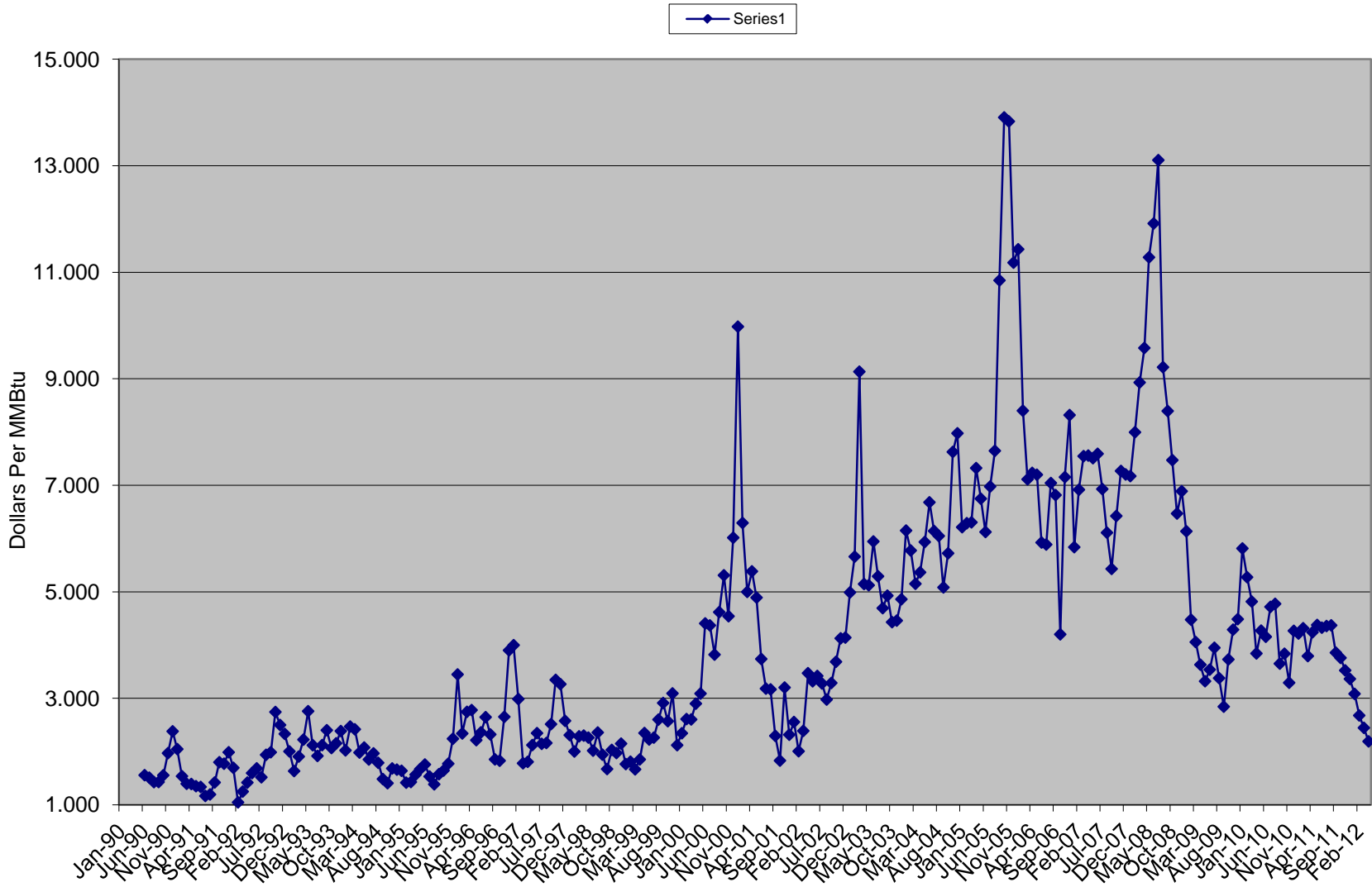
The wholesale price of the natural gas commodity was fully deregulated by the federal government in 1993. Local natural gas distribution companies (LDCs) do not produce the gas they sell but purchase it on an open market at market prices. The Missouri Public Service Commission (PSC) does not regulate 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: Wall Street Journal

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

# Monthly Natural Gas Prices



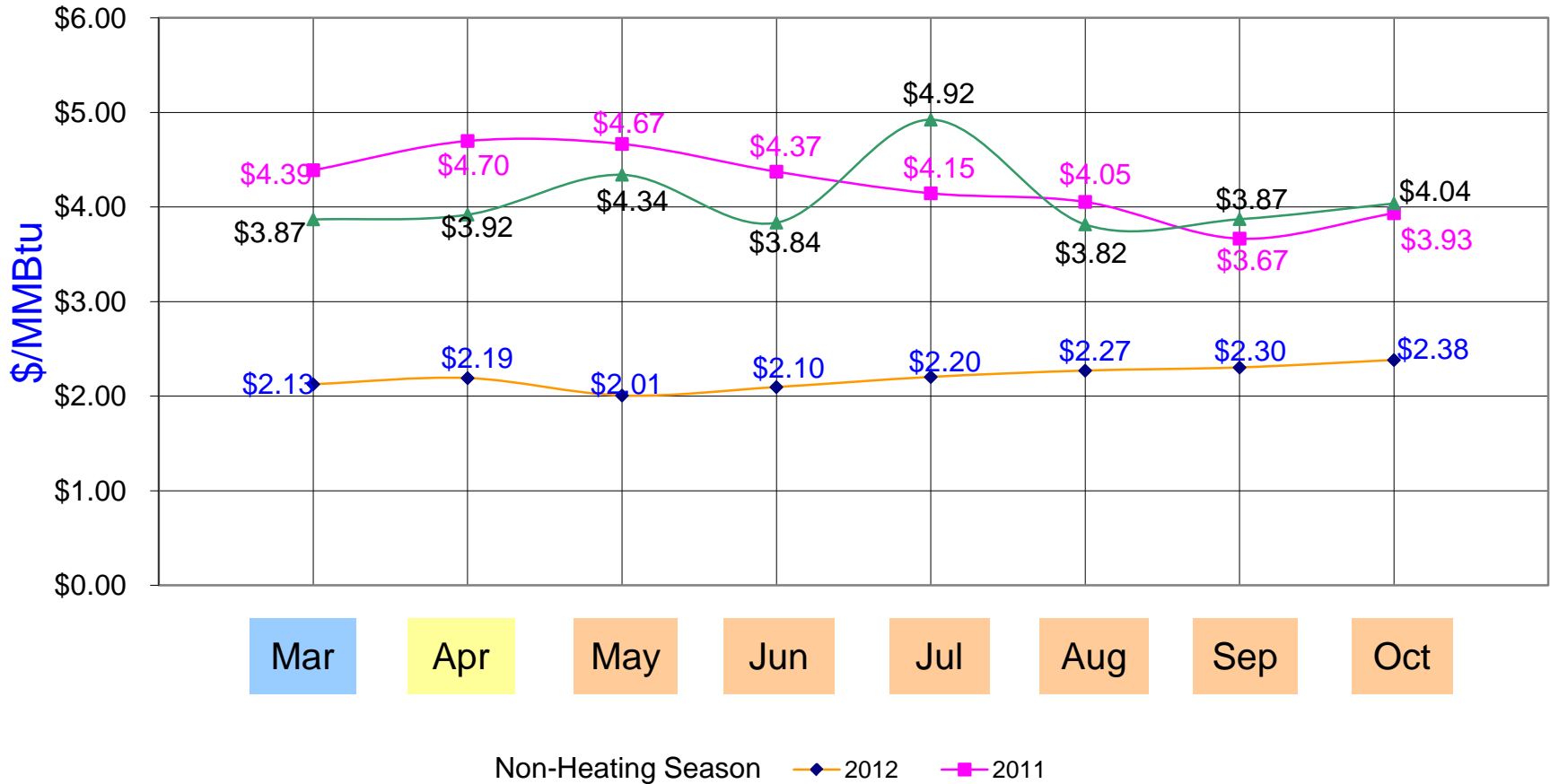
Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet  
Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

# NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of

Current Month Price on Last Day Traded,

Future Month Price on 04/23/2012



Missouri PSC, Energy Department, Tariffs/Rate Design. Data Source: NYMEX Henry Hub Natural Gas Settlement Price via TFC-Charts