

NATURAL GAS REPORT FOR OCTOBER 2018

FUTURES PRICES¹

The natural gas futures market prices trended upward in the month, though the market prices fluctuated during the month. The market prices rose at the start of the month and continued to increase thereafter for most of the first half of the month. Although the market price declined from its peak in the middle of the month it resumed rising toward the end of the month. The NYMEX November futures contract increased 8.6 cents to \$3.094 per MMBtu on October 1, due partly to increases in both cooling and heating demand. The futures market prices increased in the next few days on uncertain temperature outlooks and low storage situation, among other factors. But the NYMEX November futures contract declined 6.5 cents to \$3.165 per MMBtu on October 4. The strongest weekly storage injection report since early May could have pushed the prices lower. The NYMEX November futures contract jumped 12.4 cents to \$3.267 per MMBtu on October 8, thanks in part to lagging storage refill and natural gas production declines. Adding to the upward pressure on the market prices was an increasing likelihood of Hurricane Michael making landfall on the northeastern U.S. Gulf Coast. The NYMEX November futures contract increased 8.1 cents to \$3.320 per MMBtu on October 17, in part from lingering cooling demand while heating demand strengthened in different parts of the country. But the NYMEX November futures contract fell 12.2 cents to \$3.198 per MMBtu on October 18, followed by an 11.2 cents-decline to \$3.138 per MMBtu on October 22 due in part to a relatively strong storage report. Nevertheless, the futures market prices climbed up toward the end of the month as the storage uncertainty continued for the upcoming winter season, among other factors. The November and October contracts were closed at NYMEX at a price of \$3.185 and \$3.021 per MMBtu, respectively. The November contract price was about 16% higher than that of last year while the October contract price was 2% higher than that of the same period last year. The November contract expired at \$3.185 per MMBtu on October 29, compared to \$3.094 per MMBtu at the beginning of the month. On November 8, the NYMEX December futures were at \$3.543 per MMBtu compared to \$3.175 per MMBtu last year.

U.S. STORAGE LEVELS²

Overall, the weather in the month was cooler than normal, though the temperatures were warmer in the first half of the month but cooler in the second half of the month than the historical average. The year-to-date (January through October) average temperature was higher than the historical average for much of the country, according to the National Oceanic and Atmospheric Administration (NOAA). Although the storage refills occurred steadily during the month the overall weekly injections were lower than the five-year (2013-2017) historical averages. The weekly injection for the first half of the month was comparable to the five-year historical averages, followed by lower-than-historical average in the second half of the month. The lingering demand for natural gas for cooling loads from the warm temperatures in the month as well as early heating demand in the second half of the month may have offset relatively strong natural gas production levels in the month, and thus contributed to the less than historical average storage injections. The total storage inventories in the U.S. as of October 26 are 3,143 Bcf, 638 Bcf lower than the five-year average and 623 Bcf less than the year ago level for the same period.

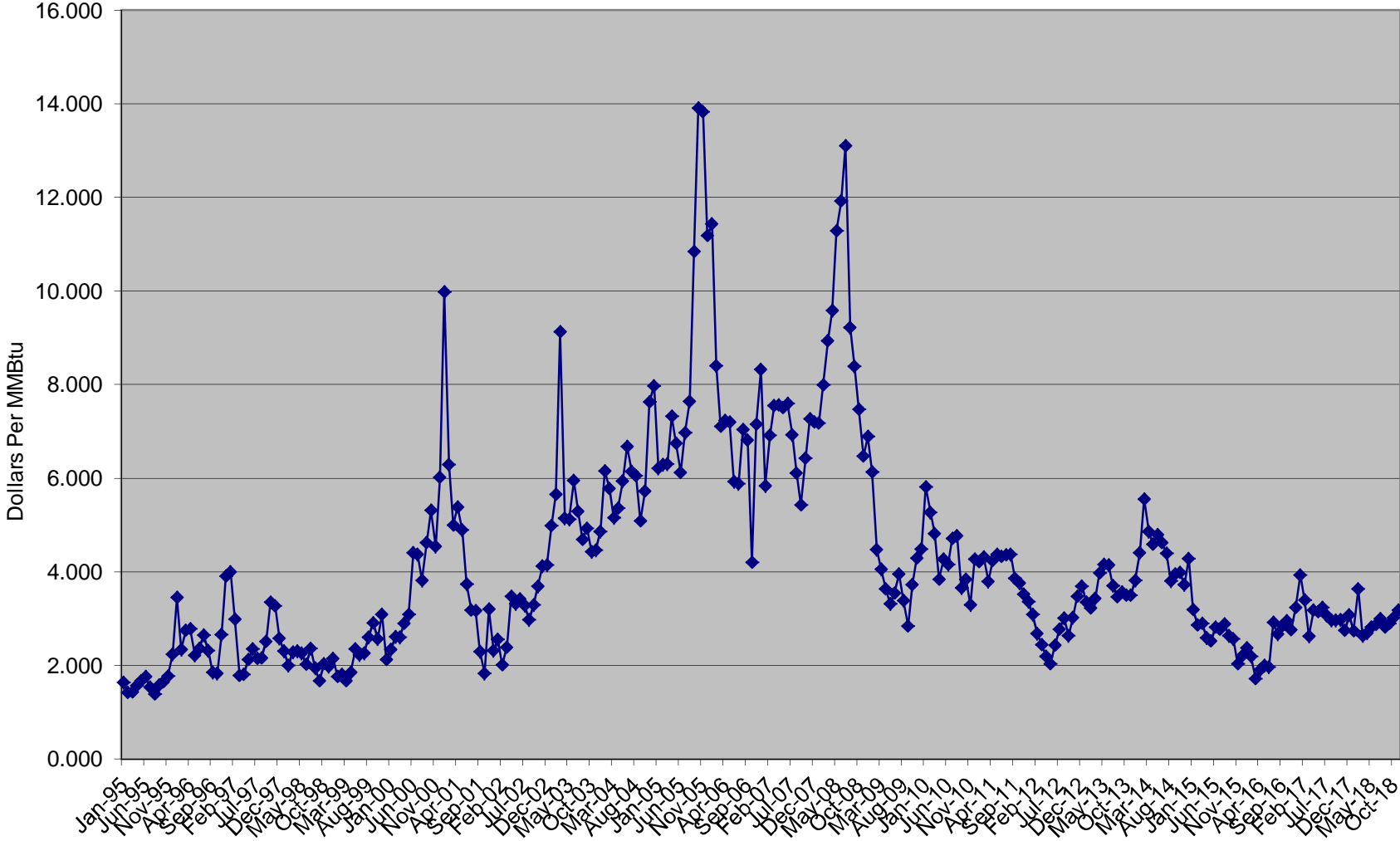
SUMMARY

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.

¹ Data Source: WSJ, CME

² Energy Information Administration's Natural Gas Weekly Update

Monthly Natural Gas Prices



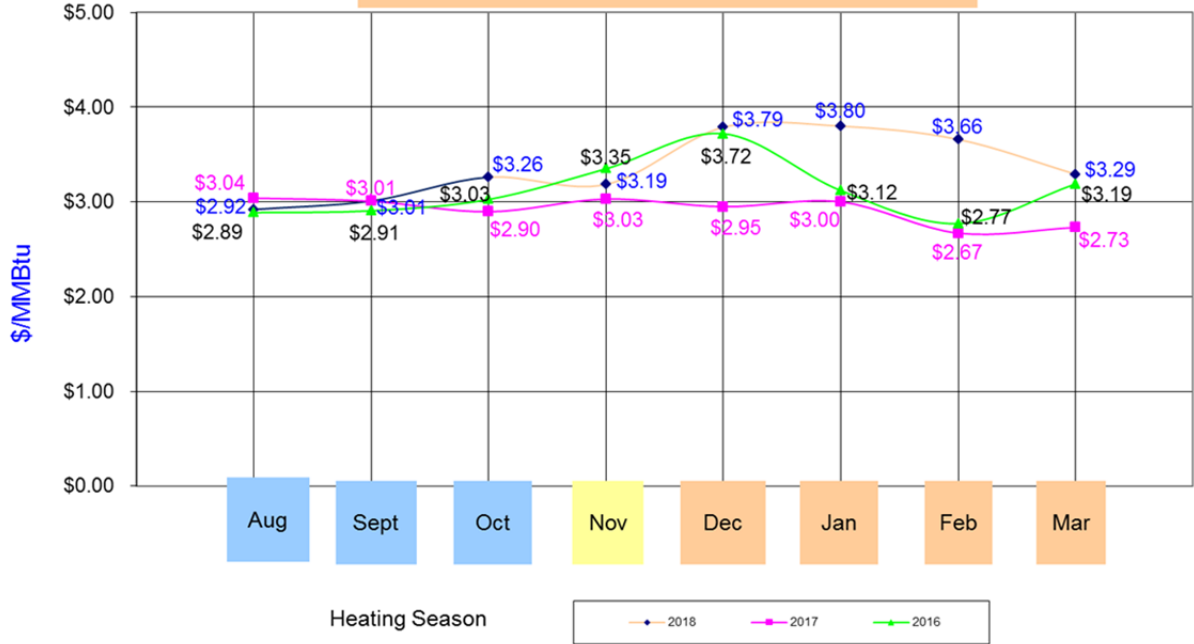
Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet
Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 10/29/2018

Future Month Price on 11/12/2018



Missouri PSC, Procurement Analysis.
Data Source: NYMEX Henry Hub Natural Gas Settlement Price via TradingCharts.com