



## Natural Gas Rises as Cold, Snowstorm Predicted for East Coast

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By Reg Curren

Feb. 5 (Bloomberg) -- Natural gas gained in New York as below-normal temperatures and heavy snow forecast along the U.S. East Coast will boost heating-fuel demand.

**Cold weather** will cover the U.S. from the Rockies to the East Coast between now and Feb. 19, MDA Federal Inc.'s EarthSat Energy Weather said. Two feet (60 centimeters) of snow may fall in the Washington region. About 52 percent of U.S. households use gas for heating.

"Gas is mostly up on the weather," said **Chris Jarvis**, president of Caprock Risk Management LLC in Hampton Falls, New Hampshire. "You've got a region that uses a lot of gas with a snow cap, so that will keep things a little cooler, which enhances the demand picture for natural gas."

Natural gas for March delivery rose 9.9 cents, or 1.8 percent, to settle at \$5.515 per million British thermal units at 2:36 p.m. on the New York Mercantile Exchange. Prices advanced 7.5 percent this week.

Southern New Jersey and Delaware have been placed under a blizzard warning. In New Jersey, 67 percent of households rely on natural gas for heating, according to the Energy Department. About 65 percent of households in Washington heat with gas.

Frigid weather in December and January increased withdrawals of natural gas from storage and reduced a surplus of the fuel compared with the five-year average.

### Gas Surplus

The excess stood at 6.6 percent last week, down from 15.7 percent in early December. Stockpiles declined 115 billion cubic feet to 2.406 trillion last week, according to an **Energy Department** report yesterday.

"Widespread cold will be firmly in place across much of the nation" in a similar weather pattern to the one in December and early January, according to forecasters at Rockville, Maryland-based EarthSat Energy.

Cold weather is helping to support prices for the short term, **Michael Fitzpatrick**, vice president of energy at MF Global in New York, said in a note to clients.

"Below-normal temperatures are probable for the eastern two-thirds of the country, which further reduces the chance of a supply glut at the end of the winter heating season," he said.

A Labor Department report today showed that factory payrolls gained 11,000 last month, the biggest increase since April 2006, after a decline of 23,000 in the previous month.

A recovery in factory jobs might signal higher demand for gas. Industrial users account for 29 percent of consumption in the U.S.

Gas purchases at factories, chemical plants and steel mills fell 9.3 percent through the first 11 months of 2009 as the worst recession since the 1930s hobbled the U.S. economy.

## Henry Hub

Futures will probably stay below \$6 per million Btu as industrial demand remains depressed, Fitzpatrick said.

Wholesale natural gas at the benchmark **Henry Hub** in Erath, Louisiana rose 14.01 cents, or 2.6 percent, to \$5.6052 per million Btu, according to data compiled by Bloomberg.

Gas futures volume in electronic trading on the Nymex was 266,758 contracts as of 2:52 p.m., compared with a three-month daily average of 233,000. Volume totaled 241,308 yesterday. Open interest was 779,267 contracts, compared with the three-month average of 735,000. The exchange has a one-business-day delay in reporting open interest and full volume data.

"We're always trading what's outside our door with natural gas," said **Michael Rose**, trading director at Angus Jackson Inc. in Fort Lauderdale, Florida. "Next week when we come in there will be a different look at it. The snowstorm will be gone, March is around the corner and it doesn't look like gas is going to get any help" from the economy.

Once cold weather dissipates, demand for gas will come under increased scrutiny as traders seek signs of a recovery, which probably means lower prices at least through April and May, he said.

To contact the reporter on this story: **Reg Curren** in Calgary at [rcurren@bloomberg.net](mailto:rcurren@bloomberg.net)

*Last Updated: February 5, 2010 16:47 EST*



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