



Natural Gas Gains as U.S. Supplies Decline More Than Forecast

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By Reg Curren

March 19 (Bloomberg) -- Natural gas futures advanced as much as 20 percent in New York after a government report showed a bigger-than-expected decline in U.S. stockpiles.

Supplies dropped 30 billion cubic feet in the week ended March 13 to 1.651 trillion cubic feet, the Energy Department said. Analysts forecast a withdrawal of 26 billion. Stockpiles typically decline during the cold-weather months as consumption of the heating fuel exceeds production and imports.

"This could rally to \$5 within days," said **Chris Jarvis**, president of Caprock Risk Management LLC in Hampton Falls, New Hampshire.

Natural gas for April delivery rose 35.8 cents, or 9.7 percent, to \$4.101 per million British thermal units at 11 a.m. on the New York Mercantile Exchange after rising as high as \$4.424. A close at \$4.101 would be the biggest one-day gain since Oct. 30, 2007. Gas was trading at \$3.683 per million Btu before the report was released at 10:30 a.m. in Washington. Gas has declined 28 percent this year.

A flood of short covering pushed prices higher, said **Michael Rose**, a director of trading at Angus Jackson Inc., a brokerage in Fort Lauderdale, Florida.

"Someone saw the inventory number and started covering short positions and when it went through \$4.16 it triggered a whole bunch of stop-buy orders," he said.

A speculative short is a bet that prices will decline.

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