



## Natural Gas Gains as Oil, Stock Markets Suggest Higher Demand

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By Reg Curren

March 4 (Bloomberg) -- Natural gas advanced to the highest in almost three weeks on speculation rising markets for oil and stocks signaled a strengthening economy and demand for fuels.

Gas rallied along with crude and equities on expectations China, the world's second-biggest energy consumer after the U.S., will broaden its economic stimulus efforts. The recession has cut demand for gas from factories and power plants, the fuel's biggest consumers.

"Gas was able to shrug off the strong gains in petroleum through most of the session but finally just succumbed to the oil strength," said **James Ritterbusch**, president of Ritterbusch & Associates in Galena, Illinois. "There was also some upside acceleration in the equities and that has helped give a boost."

Natural gas for April delivery rose 5.8 cents, or 1.4 percent, to settle at \$4.34 per million British thermal units at 3:03 p.m. on the New York Mercantile Exchange, the highest close since Feb. 13. Gas has dropped 23 percent this year and is down 68 percent from the 2008 high of \$13.694 reached July 2.

Crude for April delivery gained \$3.73, or 9 percent, to \$45.38 a barrel. The Standard & Poor's index of 500 companies rose 2.4 percent to 712.87.

Gas dropped in earlier trading on forecasts that a report tomorrow from the Energy Department would show a smaller-than-usual decline in stockpiles, leaving supplies above average for this time of year.

Inventories last week probably fell 97 billion cubic feet, the median of 16 analyst estimates compiled by Bloomberg. The average **decline** for the week is 121 billion, according to the department. Supplies in last week's report were 12 percent above the five-year average.

### Fewer Rigs

The number of U.S. natural gas rigs fell 48, or 4.7 percent, to 970 in the week ended Feb. 27, the lowest since the week ended March 19, 2004, Baker Hughes Inc. said in a report last week. The count was down 40 percent from a September high.

"People are starting to realize that supplies will be lower," said **Chris Jarvis**, president of Caprock Risk Management LLC in Hampton Falls, New Hampshire. "Production destruction is gaining traction."

Reduced exploration will cut supply growth in the coming months, helping eliminate a current glut, Jarvis said. Stockpiles were 12 percent above the five-year average for the week ended Feb. 20 as mild weather and declining consumption from industry limited withdrawals.

The recession cut demand for natural gas after output of the heating and industrial fuel surged in the first half of 2008. The Energy Department has forecast industrial consumption may fall as much as 5.1 percent this year as the economy shrinks.

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