

09:03 11Feb10 -NYMEX-Natural gas edges higher with cash, crude, cold

- * Cash gas firms on continued cold weather, high demand
- * Cold forecasts through late February support prices
- * Ample storage, weak economy still problems for bulls

NEW YORK, Feb 11 (Reuters) - U.S. natural gas futures were trading about 7 to 8 cents higher in early electronic trade Thursday, edging up along with stronger cash gas and crude futures and more cold weather expected for key consuming regions in the eastern half of the nation.

"Traders are trying to ascertain the impact of this week's East Coast storm as well as the longer range maps that depict a very cold Southeast. We believe the strong heating demand that has helped boost gas's fundamental picture should continue as we head through February, leading to higher prices," said Caprock Risk Management's senior analyst, Chris Jarvis.

March over-the-counter trade was heard late near \$5.36 to \$5.37 per million British thermal units.

On Wednesday, front month March futures on the New York Mercantile Exchange <NGH0> rose 0.2 cent to settle at \$5.292.

In electronic trade, the front month traded late another 8.3 cents higher at \$5.375, after trading between \$5.292 and \$5.416.

NYMEX front month crude futures <CLc1>, meanwhile, were trading about 30 cents higher in early trade, near \$74.88 a barrel.

In the cash market, gas for delivery at Henry Hub <NG-W-HH>, the NYMEX delivery point in Louisiana, was heard near \$5.56 on volume near 601 million cubic feet, up 8 cents from Wednesday's average of \$5.48, with early Hub cash deals done at about a 19-cent premium to the front month contract, little changed from deals done late Wednesday at about a 20-cent premium.

Gas on the Transco pipeline at the New York city gate <NG-NYCZ6> was heard in the \$7.90 area on volume near 172 mmcf, up 20 cents from Wednesday's average of \$7.70.

Temperatures in key gas consuming cities New York and Chicago were seen below normal for the next six days, with highs topping out in the 20s or 30s degrees Fahrenheit and lows dipping into the teens F in Chicago, according to forecaster Telvent DTN.

Houston, Los Angeles and Miami were all seen mostly below normal for the period as well, the forecaster added.

The latest National Weather Service six to 10-day and the eight to 14-day outlooks issued Wednesday both called for below-normal or much-below-normal readings for about the eastern two-thirds of the nation, with near-normal or above-normal readings in the West.

On the storage front, last week's report from the U.S. Energy Information Administration showed total domestic gas inventories fell to 2.406 trillion cubic feet, but climbed to 199 billion cubic feet, or 9 percent, above last year and 150 bcf, or 7 percent, above the five-year average.

Withdrawal estimates for this week's EIA storage report ranged from 160 bcf to 202 bcf, with most traders and analysts expecting stocks to fall by about 180 bcf when weekly data is released Friday at about 10:30 a.m. EST, a Reuters poll showed. [ID:nN10172757]

Stocks fell an adjusted 164 bcf for the same week last year. The five-year average decline for that week is 155 bcf.

Stocks hit an all-time high of 3.837 tcf in late November, but have dropped sharply since early December as frigid weather over much of the nation lifted space heating needs.

Some 665 bcf of gas was pulled from storage in December, versus a more normal decline of 500 bcf, and analysts estimate another 780 bcf was tapped in January, also well above the average for that month of about 625 bcf.

While many analysts in November had expected inventories to end the heating season at record highs in the 1.9 tcf area, the mostly steady cold since early December and subsequent strong storage draws have prompted lower end-winter estimates of 1.6 tcf, still nearly 8 percent above normal.

The Edison Electric Institute delayed the release of this week's U.S. power

output data from Wednesday until Thursday or Friday, while the EIA also delayed its oil and natural gas weekly inventory reports until Friday due to the inclement weather conditions in the Washington D.C. area this week.

Chart traders pegged March support at \$5 and then at the March low of \$4.55 from early December. Resistance was seen at \$5.80 and then at recent spot highs in the mid-\$5.80s and \$6.

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