

15:32 09Apr2009 RTRS-NYMEX-Natural gas ends lower on EIA build, crude supports

- * Traders see weekly EIA storage build as slightly bearish
- * NYMEX crude futures rise nearly \$3 a barrel
- * Weekend, holiday short cover boost most cash hubs
- * Cool weather to moderate next week, economy keeps buyers cautious

NEW YORK, April 9 (Reuters) - U.S. natural gas futures ended slightly lower on Thursday, pressured by a bigger-than-expected weekly build in inventories.

But stronger crude futures and some short covering ahead of the long holiday weekend boosted cash gas and lent some support to the market, traders said.

"Today's EIA natgas data did little to change the near-term bearish fundamentals priced into the market, but with recent strength in crude and outside equities markets, natgas remains cheap relative to the rest of the complex. Both these factors neutralized today's action," said Chris Jarvis, senior analyst with Caprock Risk Management in New Hampshire.

But with this week's cool weather expected to moderate early next week and the slow economy continuing to curb industrial loads, some traders said buyers remained cautious.

Front-month May futures on the New York Mercantile Exchange <NGK9> slipped 2 cents to settle at \$3.61 per million British thermal units, after trading in electronic trade between \$3.555 and \$3.824.

On Wednesday, the front month rose 6.8 cents to settle at \$3.63, after sliding early to \$3.531, a contract low and the lowest level for a front month contract since late September 2002, according to Reuters data.

Other months ended slightly lower as well, with the June contract <NGM9> down 1.9 cents at \$3.745 and summer months ending down between 1.4 and 1.6 cents.

The NYMEX 12-month Henry Hub strip slipped 0.5 cent to settle at \$4.712.

NYMEX front month crude futures <CLK9>, meanwhile, rose nearly \$3 Thursday

to settle at \$52.24 a barrel.

NYMEX energy trading will be closed Friday for the Good Friday holiday.

In the cash market, gas for delivery through Monday at Henry Hub <NG-W-HH>, the NYMEX delivery point in Louisiana, rose 9 cents on average to \$3.59, up from Wednesday's average of \$3.50, its lowest level since September 2002.

Late Hub cash deals were heard at about a 4-cent discount to the front month contract, firming from deals done late Wednesday at about an 8-cent discount.

Gas on the Transco pipeline at the New York city gate <NG-NYCZ6> rose 7 cents on average to \$4.24, while Chicago gas <NG-CHGC> was 3 cents higher at \$3.46.

On the storage front, traders agreed Thursday's 20 billion cubic feet build was slightly bearish, noting it was above Reuters survey estimates for a 13 bcf build and the five-year average build of 13 bcf for that week.

Last year stocks fell 16 bcf for the week.

The report, from the U.S. Energy Information Administration, showed total domestic gas inventories of 1.674 trillion cubic feet jumped to 438 bcf, or 35 percent, above last year and 310 bcf, or about 23 percent, above the five-year average. [ID:nPRWPI54]

U.S. gas inventories, having ended the heating season at about 1.66 tcf, were shy of the 1.695 tcf record high from 2006, but at a very comfortable level to start the April-through-October stock building season.

After some cool weather this week, early estimates for next week's EIA report range from a draw of 29 bcf to a build of 20 bcf versus a 21 bcf rise for the same week last year.

Temperatures in key gas consuming cities New York and Chicago were seen a mix of above and below normal for the next six days, with highs mostly in the 50s degrees Fahrenheit in both cities, according to forecaster DTN Meteorlogix.

Houston, Los Angeles and Miami were also seen a mix of above and below normal for the period, with highs in the South and West expected to range from the mid-60s F to the mid-80s F, the forecaster said.

The latest National Weather Service six to 10-day outlook issued Wednesday called for mostly near-normal readings for the eastern half of the nation and mostly below-normal readings in the western half.

Henry Hub open interest on April 8 rose 4,420 contracts to 636,562.

Chart traders pegged May support at Wednesday's low of \$3.531 and then at the \$3.405 spot low from September 2002. Resistance was seen at \$4, \$4.50 and \$4.75.

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