



## Natural Gas Futures Rise on Forecast for Lower Temperatures

[Share](#) | [Email](#) | [Print](#) | [A A A](#)

By Reg Curren

Nov. 23 (Bloomberg) -- Natural gas gained for a third day in New York on forecasts of below-normal temperatures for the first two weeks of December.

Colder weather will cover most of the U.S. starting Nov. 30, [Joe Bastardi](#), a forecaster at AccuWeather.com of State College, Pennsylvania, said in his 20-day outlook. About 52 percent of U.S. households rely on natural gas for heating.

"The weather maps have turned bullish for natural gas," said [Chris Jarvis](#), president of Caprock Risk Management LLC in Hampton Falls, New Hampshire. "After the November we had, which has been extraordinarily warm, any type of reversal going into December could be a major boost."

Natural gas for December delivery rose 4.9 cents, or 1.1 percent, to settle at \$4.473 per million British thermal units at 2:58 p.m. on the New York Mercantile Exchange. Earlier gas climbed as much as 3.5 percent to \$4.58. Prices have dropped 20 percent this year. The December contract expires tomorrow. The January contract advanced 3.3 cents, or 0.7 percent, to \$4.791.

December may end up being the coldest since 2000, with temperatures in the Ohio and Tennessee valley regions below normal by as much as 6 degrees Fahrenheit (3 Celsius), Bastardi said in an e-mailed forecast.

Gas gained along with other commodities, including crude, heating oil and gold, as the dollar declined on speculation interest rates will stay low.

Crude oil for January delivery gained 9 cents, or 0.1 percent, to \$77.56 a barrel in New York. Gold jumped to a record in New York and London.

### U.S. Interest Rates

[Charles Evans](#), president of the Federal Reserve Bank of Chicago, told the Financial Times that U.S. interest rates may stay near zero until "late 2010, perhaps later in terms of 2011."

A weaker dollar can increase exports as U.S. goods become cheaper, and make commodities more attractive as an alternative investment. The dollar weakened 0.7 percent to \$1.4971 per euro in New York, from \$1.4862 last week.

"A weak dollar equals a higher risk appetite," said Jarvis. "As long as the dollar continues to slide slowly, demand for riskier assets will grow and in that case natural gas and commodity markets will do well."

The prospect of [lower temperatures](#) and the first declines in storage since March boosted futures, [Cameron Horwitz](#), an analyst at SunTrust Robinson Humphrey Inc. in Houston, said in a telephone interview.

### Cold Weather

"It's pretty exciting for those who've been waiting for winter weather and have not yet seen it," he said.

"It looks like it may even be colder than was originally thought for the beginning of December. This

confirms we will be drawing gas in the first week of December.”

Gas for next-day delivery at [the Henry Hub](#) in Erath, Louisiana, the benchmark for New York futures, rose 69.24 cents, or 22 percent, to \$3.785 per million Btu today, according to data compiled by Bloomberg. The hub price has declined 7.8 percent this month.

Stockpiles were at a record 3.833 trillion cubic for the week ended Nov. 13, according to the Energy Department. Mild weather, increased production and reduced industrial demand because of the recession combined to create the glut.

“People just want to get the record storage behind them,” Horwitz said.

Inventories probably rose 10 billion cubic feet last week as above-normal temperatures limited demand, he said. The Energy Department will release its weekly update on inventories on Nov. 25, a day earlier than typical, because of the U.S. Thanksgiving holiday on Nov. 26.

Gas volume in electronic trading on the Nymex was 180,241 contracts as of 3:18 p.m., compared with a three-month daily average of 244,000. Volume totaled 197,897 contracts on Nov. 20. Open interest in the previous trading session was 716,378 contracts. The three-month average is 716,000. The exchange has a one-business-day delay in reporting open interest and full volume data.

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

*Last Updated: November 23, 2009 16:28 EST*

