



## Natural Gas Falls After Stockpiles Decline Less Than Expected

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By Asjylyn Loder and Reg Curren

Dec. 24 (Bloomberg) -- Natural gas futures fell the most in two weeks in New York after the U.S. Energy Department released its weekly stockpile report that showed inventories declining less than expected.

Natural gas in storage slipped 166 billion cubic feet last week to 3.4 trillion cubic feet. Analysts forecast a drop of 172 billion cubic feet, according to the median of 21 estimates compiled by Bloomberg.

Natural gas for January delivery slid 17.8 cents, or 3.1 percent, to settle at \$5.643 per million British thermal units on the New York Mercantile Exchange. It was the largest decline since Dec. 9. The futures were trading at \$5.907 before the report was released at 10:30 a.m.

"This is a knee-jerk reaction," said [Chris Jarvis](#), president of Caprock Risk Management LLC in Hampton Falls, New Hampshire. "Because the numbers are slightly off consensus, you're seeing a lot of fast money changing hands."

Gas stockpiles reached a record 3.837 trillion cubic feet in the week ended Nov. 27, according to the department. Inventory declines have averaged about 2 trillion cubic feet in each of the past three winters. A similar drop this season would leave supplies at about 1.8 trillion cubic feet in April, or about 300 billion higher than average for that time of year.

The U.S. raised its forecast for nationwide natural gas production this year by 0.7 percent as output climbed at shale- gas fields from Texas to New York.

Gas companies will pump an average of 60.21 billion cubic feet a day, the [Energy Department's Energy Information Administration](#) said in its monthly Short-Term Energy Outlook on Dec. 8. The estimate was up from 59.72 billion predicted in November.

Output in 2010 will average 58.37 billion cubic feet a day, up from November's prediction of 57.46 billion.

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