

DOW JONES, A NEWS CORP COMPANY

DJIA Futures **25033** -0.04% ▼S&P 500 F **2696.25** -0.08% ▼Stoxx 600 **360.18** -0.58% ▼U.S. 10 Yr **7/32 Yield** 3.099% ▲Crude Oil **56.36** 0.20% ▲

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/think-oil-has-been-volatile-watch-natural-gas-1542203479>

HEARD ON THE STREET

Think Oil Has Been Volatile? Watch Natural Gas

Unusually low storage at the start of heating season has created the potential for extreme volatility in U.S. natural gas prices.



If this winter is frigid, then natural gas storage will be well below the danger zone and the market could be gripped by an unprecedented panic. PHOTO: /ASSOCIATED PRESS

By *Spencer Jakab*

Nov. 14, 2018 8:51 a.m. ET

All the headlines have been about oil and its record losing streak, but natural gas has been sneakily rising while oil prices were collapsing.

On Tuesday, U.S. futures topped \$4.00 a million British thermal units for the first time since 2014 and they surged again early Wednesday. The reason for the perkiness in what conventional wisdom has argued is a hopelessly glutted market has been clear for months—less margin for error. Now that the season's first cold snap is here, it may only be a preview of coming attractions.

The so-called injection season ended last week when the Energy Information Administration reported how much was in storage ahead of winter at the beginning of this month. The 3,208 billion cubic feet is the lowest since 2005.

Although storage started the injection season on the low side back in April, the problem has been compounded by a refill that fell 13% below the 5 year average. It isn't a matter of not pumping enough, though. In fact, U.S. gas production during the injection season was 83.6 billion cubic feet a day, up sharply from 74.7 bcf a year earlier. Increasing demand from power generation and exports, both via pipelines to Mexico and in the form of liquefied natural gas, left less for future heating demand.

If this winter is mild then that shouldn't be a problem. If it is frigid—something akin to the 2013-14 season that saw nearly 3,000 billion cubic feet of stored gas consumed—then storage will be well below the danger zone and the market could be gripped by an unprecedented panic.

11/15/2018

Think Oil Has Been Volatile? Watch Natural Gas - WSJ

The 2013-14 season saw prices rocket above \$6.00/MMBtu, but that was from a more secure starting storage position.

While a crisis is highly unlikely, meteorologists will be consulted more often than usual by energy traders. Talk of cold snaps and polar vortices could whipsaw the market—particularly on Monday mornings, when the markets reopen to a new weather forecast.

Write to Spencer Jakab at spencer.jakab@wsj.com

Copyright ©2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.