

U.S. Natural Gas Futures Extend Record Year-End Rally on Cold

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(Bloomberg) -- Natural gas climbed to a one-month high as the first winter storm of the season was set to bring ice and snow to the Northeast.

Futures rose as much as 1.7 percent, extending a record rally since mid-December on the New York Mercantile Exchange. A storm that caused ice and blizzard conditions in the south-central U.S. will reach the Northeast before the end of the year, AccuWeather Inc. said on its website.

"A quick shot of cold air will lead to the first widespread ice and snow event of the season across the northeast into Tuesday night," AccuWeather forecaster Kristina Pydynowski said.

"As quick as the fresh cold and winter storm arrives, milder air will return to close out 2015. However, seasonably colder air should usher back in for the start of the new year."

Futures for January delivery, which expire Tuesday, rose to \$2.266 per million British thermal units, the highest price since Nov. 27, before trading at \$2.263 by 6:57 a.m. New York time. The more active February contract gained 1.5 percent to \$2.29 per million Btu.

Temperatures will likely drop below normal levels across most of the U.S. from Jan. 3 through Jan. 7, according to the National Weather Service. Temperatures in New York are forecast to fall as low as 22 degrees Fahrenheit (minus 6 Celsius), 5 below average, on Jan. 12, AccuWeather's website showed.

Gas prices have rebounded after reaching a 16-year low on Dec. 17 as forecasts for cooler weather triggered hedge funds to cover their bearish bets before year-end. Contracts slumped after a mild start to the winter kept gas usage low and stockpiles high.

--With assistance from Kelly Gilblom.

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