#### New uniqueness card from UNI

#### Natural Gas Prices are showing signs of increased volatility due to new demand and lower stockpiles.

Pleven 9/27/12 (Liam Pleven - contributing writer for Wall Street Journal, “What Glut? Gas Prices Rise”, WSJ, <http://online.wsj.com/article/SB10000872396390444549204578022712025108362.html>) AC

Natural gas is burning up.¶ Prices leapt to their highest level since December on Thursday to cap a rally that has sent the fuel up 19% since last week, as stockpiles grow more slowly than analysts expected and the onset of the winter heating season looms.¶ The surge highlights the striking reversal of fortune in the natural-gas market. On April 19, concerns about booming production had left prices down 36% for the year. But since then the cost per million British thermal units has shot up 73%, to $3.297 on Thursday.¶ "It doesn't appear to be the super-glut we thought it would be," said Teri Viswanath, a natural-gas strategist at BNP Paribas. Her forecast is for prices to average $3.65 in the first quarter.¶ U.S. production of natural gas has climbed sharply in recent years as energy companies have unlocked vast supplies of so-called shale gas. That, in turn, has sparked questions about whether demand could keep pace with supply. But low prices have lured U.S. power producers to burn the cheaper fuel more often, a trend that continued this summer. Natural gas supplied 34% of the nation's electric power in July, up from 29% a year prior, according to U.S. data.¶ Nuclear-power-plant outages also have contributed to the higher demand. For example, the 2,200 megawatt San Onofre plant in Southern California has been closed since January, and a natural gas-fired power plant is helping to fill the gap.¶ The nuclear-plant outages are a "clear difference, year on year," said Anthony Yuen, an energy strategist at Citigroup, said of the nuclear-plant outages.¶ Meanwhile, fears that the U.S. would run out of storage space for natural gas have abated, in part due to demand for power to run air conditioners during a scorching summer. That has eased the downward pressure on prices.¶ ¶ The U.S. Energy Information Administration said Thursday there was 3.6 trillion cubic feet in storage last Friday, 84% of the nation's storage capacity. That is slightly above the 80% level last year, but well within the EIA's estimate of roughly 4.2 trillion cubic feet of total capacity.¶ Traders also are confronting the end of the season during which supplies of natural gas typically build, as November traditionally brings the start of higher heating demand. On Wednesday, when the futures contract to buy natural gas for October delivery expired, prices rose 3.4%. On Thursday, the November contract climbed 2.1%.¶ "A lot of it's technical buying" by computer-driven traders trying to catch up with the surge, said Scott Gettleman, a natural-gas trader in New York. "There's no news."¶ The lack of any bullish development to spur the rally may be a warning sign, Ms. Viswanath said. "We have no sense of what the winter will look like," she said. "They're seeing demand that's yet to materialize."