The Price Of Natural Gas Rarely Stays Below $2.50 For Long

View from the Observation Deck

1. The price of natural gas closed yesterday’s trading session (4/29) at $2.61 per million British thermal units (BTUs), up from $2.49 on 4/27.

2. T. Boone Pickens pointed out in Forbes this week that the price of natural gas has only dipped and lingered below $2.50 four times over the past 15 or so years, and the chart supports his claim.

3. He noted that the price of natural gas has tended to rally after falling below the $2.50 mark, with the price eventually climbing to or above the $6.00 level (see chart).

4. It is important to note that past performance is no guarantee of future results. Today, natural gas production levels in the U.S. have been robust, and we are moving into a period where seasonal demand could dip until summer arrives.

5. Demand for natural gas, however, could receive a boost from the implementation of new Environmental Protection Agency regulations that will force power companies to switch from coal to natural gas as early as this summer, according to Forbes.

Source: Bloomberg. Data is weekly from 4/30/99 to 4/28/15.