

# Commodity Market Ebb & Flow

## *Transparent natural gas price discovery across time*

Natural gas commodity prices increased with other commodities, but eventually fell back to initial levels when most others stayed above theirs. Natural gas remains a value to consumers.

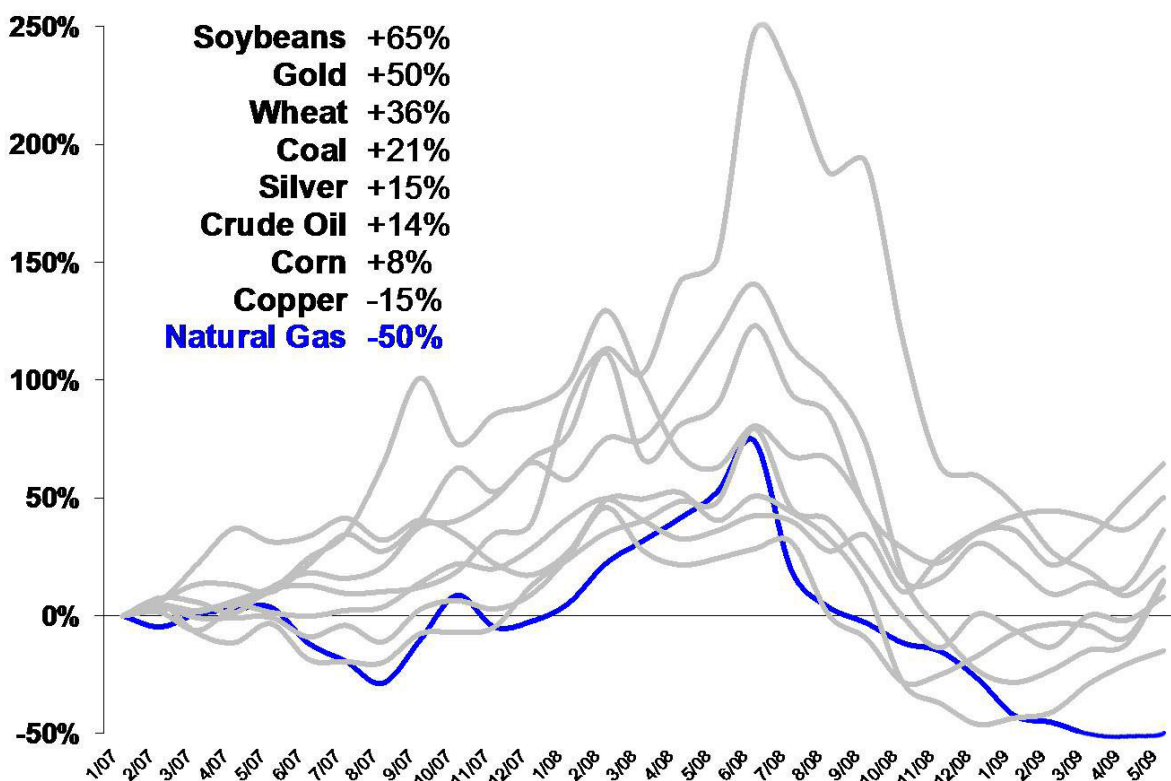
The natural gas spot market offers a critical transparent forum for short-term price discovery. The natural gas futures market offers a critical transparent forum for price discovery across time or over the longer term. If there is an anticipation of high future demand, market participants may purchase

natural gas in the futures markets, raising forward prices and encouraging storage, conservation and increased production to meet that anticipated demand. Over time, the financial and physical markets converge.

Case in point, U.S. marketed natural gas production has grown 9 percent since January 2007, reversing the 35 year flat production trend. With relatively flat demand and increased production, natural gas commodity prices are back to January 2007 levels. ■

## Natural gas at low end of rising commodity tide

*Commodity price changes since January 2007*



Source: CME Group, A CME/Chicago Board of Trade Company