



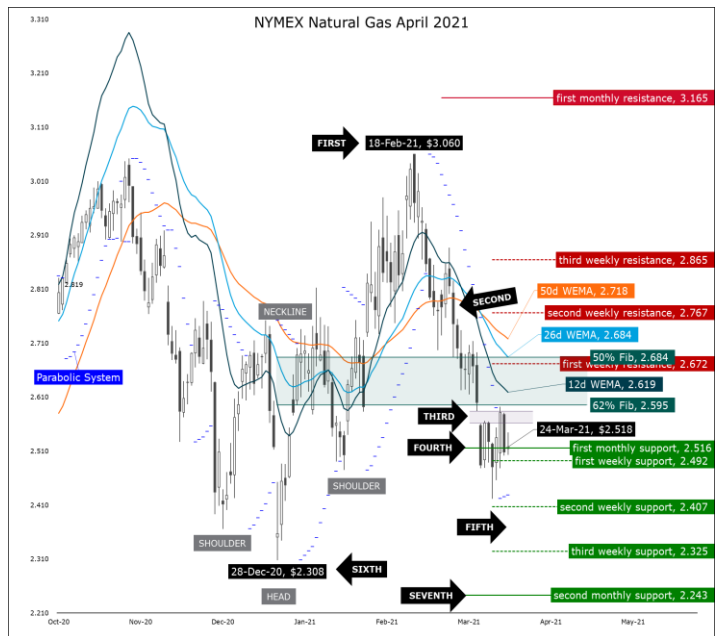
## NYMEX Bulls Are Stuck in Neutral

After peaking on February 17<sup>th</sup> at a four-month high of \$3.060/MMBtu (first black arrow) the April 2021 Henry Hub futures contract on the NYMEX has been in a free fall. At the start of this month, the contract broke below the 12, 26, and 50-day weighted exponential moving averages (second black arrow).

Then, over the following two weeks, the market crashed the Fibonacci 62% retracement line of \$2.595/MMBtu and gapped below the March 12<sup>th</sup> low print of \$2.584/MMBtu (third black arrow). At the start of this week the market closed the gap but then resumed the selloff.

As illustrated, the market is finding support around our model's initial monthly support of \$2.516/MMBtu (fourth black arrow). Over the next week, a failure to hold support between here and our initial weekly support of \$2.492/MMBtu, clears a path to our second and third weekly support targets of \$2.407/MMBtu, and \$2.325/MMBtu, respectively (fifth black arrow).

The bears ultimate target is the life-of-contract low print from last December of \$2.308/MMBtu (sixth black arrow). Below this level, we do not project to see support until our second monthly target of \$2.243/MMBtu (seventh black arrow).



## Winter drawdowns are ending.

As of March 19<sup>th</sup>, L48 underground storage of natural gas fell by 36 Bcf to 1.746 Tcf.

ICE storage futures for the week ended April 08<sup>th</sup> are bid at 1.795 Tcf and offered at 1.840 Tcf. We calculate the chance of coming in above the bid at 17% (odds of 5-to-1) and above the offer at 8% (odds of 12-to-1).