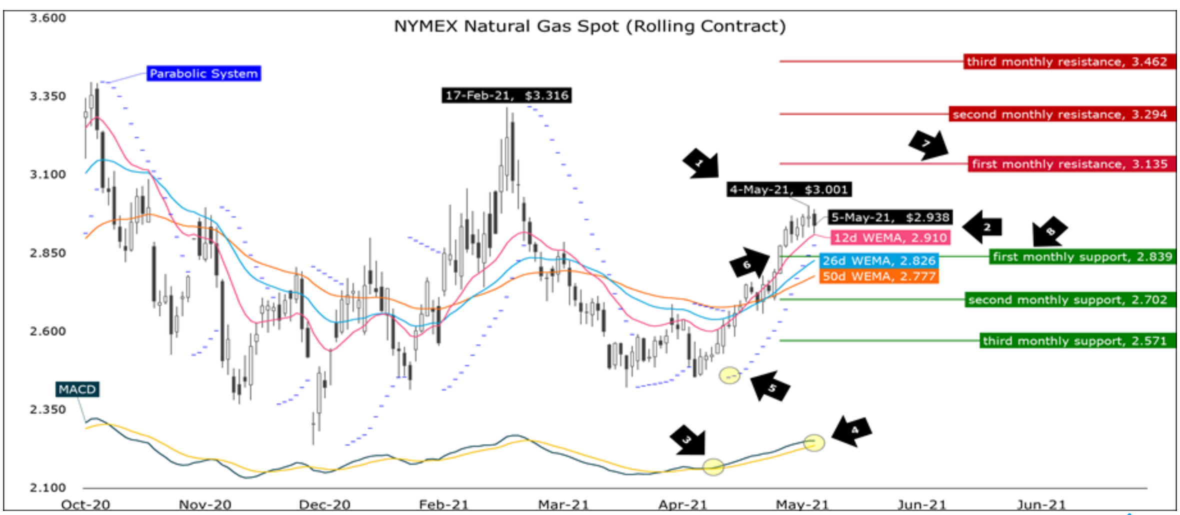
It's Make-or-Break Time for Bulls

NYMEX Henry Hub spot natural gas futures (continuous roll) broke the $3.000 psychological barrier on Tuesday of this week, the first time since Winter Storm Uri in February (arrow 1). On Wednesday, the market regressed towards the 50-day weighted exponential moving average or WEMA (arrow 2).

While technical momentum indicators remain bullish, the firmness of this bias is being tested. The MACD established an upward trend at the end of March (arrow 3), but strength has decelerated over the past couple of days (arrow 4). The Parabolic SAR flipped bullish back in the middle of April (arrow 5) and here too, momentum is slipping.

The slope in the 12-day, 26-day, and 50-day weighted exponential moving averages (WEMAs) are all strongly positive and the market has been trading above all three averages since the middle of last week (arrow 6).

This is still the Bull's market...but they must establish a beachhead above $3.000. The path to our first monthly target at $3.135 is the next benchmark (arrow 7). However, a failure to regain momentum sets the table for a retracement below the 50-day WEMA and towards our model's first level of support, $2.839 (arrow 8).



What a difference a year makes!

The EIA reported the sixth injection into L48 natural gas underground storage; stocks rose by a modest 60 Bcf to 1.958 Tcf for the week ended April 30th. The deficit to a year ago climbed to a **122-week high** of 361 Bcf (-15.6%). Given that in 2020 the economy took a COVID-laced bullet to the head, the blowout on the year-over-year comps is hardly shocking. This season's hitherto refill of 208 Bcf is 232 Bcf (53%) below last year's pace at this point in the season!

