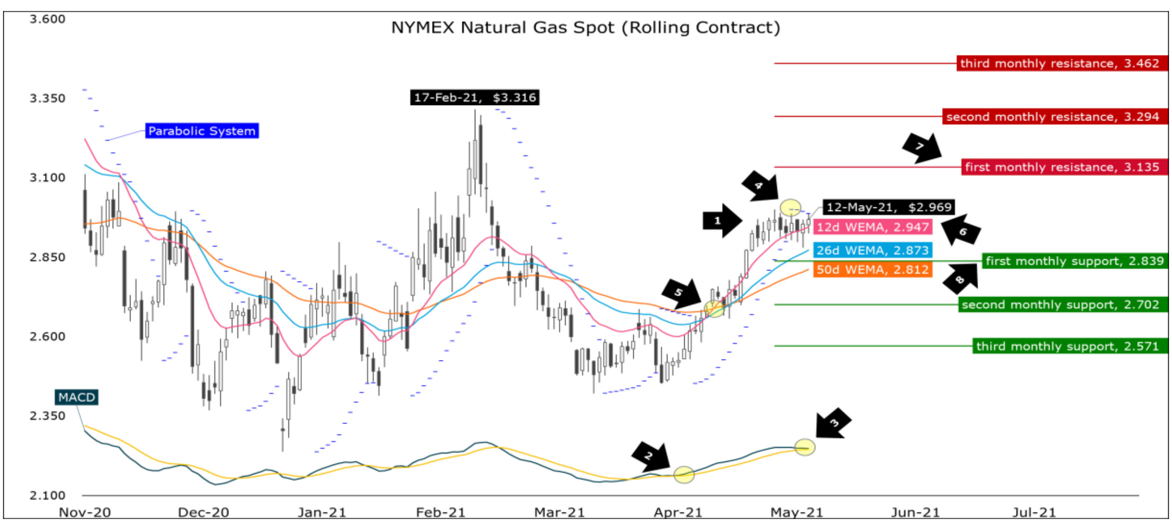
The Bulls are Still Hanging On

NYMEX Henry Hub spot natural gas futures (continuous roll) have traded sideways over the last two weeks (arrow 1). Technical momentum indicators are soft. The MACD established a bullish trend at the end of March (arrow 2) but momentum has decelerated over the past couple of days (arrow 3). The Parabolic SAR flipped to bearish at the end of last week (arrow 4).

The slope in the 12-day, 26-day, and 50-day weighted exponential moving averages (WEMAs) are all strongly positive. The 12-day crossed above the 26-day and 50-day on April 19th (arrow 5). Over the past week, the market has traded around the 12-day WEMA (arrow 6).

Last week we noted that it was make-or-break time for bulls. Given the sideways trade since then, it is still a bull's market although, time is running out. Buyers must establish a foothold above $3.000 over the next week. From this point on, the bull's next target is our model's first (of three) monthly resistance point at $3.135 (arrow 7). However, a failure to regain momentum over the next couple of days sets the table for a retracement towards our model's first support level for this month at $2.839 (arrow 8).



This season's refill is lagging.

The EIA reported the seventh injection of the season into L48 natural gas underground storage, inclusive of a 4 Bcf reclassification in the South Central Nonsalt region from working gas to base gas. The season-to-date refill is up to 279 Bcf, 22 Bcf (-7%) below the five-year mean, 54 Bcf (-16%) below the seasonally adjusted trend, and a mammoth 267 Bcf (-49%) below last year's COVID-assisted pace. We calculate the probability of coming in at/above the EIA's revised end-of-season forecast of 3.607 Tcf is 67% along with a 50/50 chance of coming in above last year's 3.958 Tcf ending balance.