



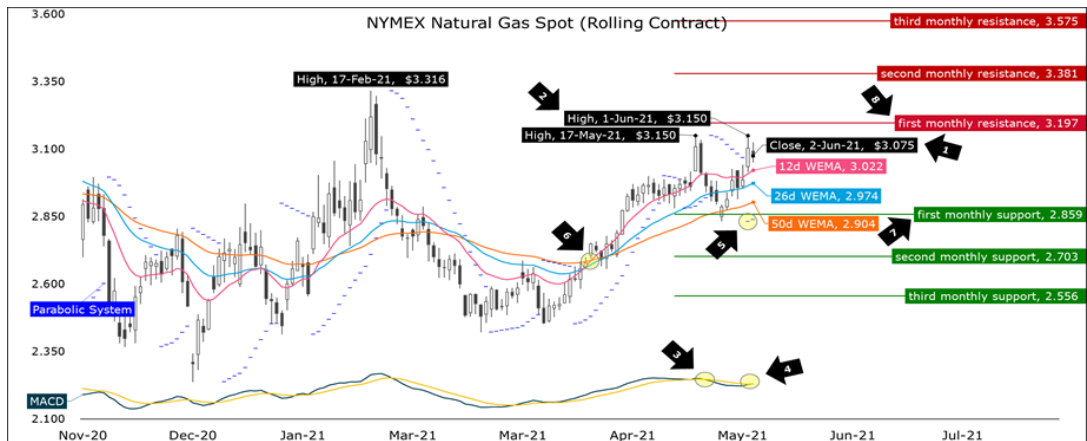
## Natty Double-Tops to Open Summer

On Tuesday, NYMEX Henry Hub spot natural gas futures (continuous roll) kicked off the peak cooling season in hot fashion. The market bottomed just above the 12-day weighted exponential moving average (WEMA) and rallied to the May 17<sup>th</sup> high print of \$3.150 (arrow 2), thus establishing a *double-top*. However, bulls failed to parlay this strong open, and the market retreated on Wednesday (arrow 1).

Technical momentum indicators are back in agreement. The MACD established a bearish trend on May 19<sup>th</sup> (arrow 3) but turned bullish today (arrow 4). The Parabolic SAR flipped to bullish at the start of this week (arrow 5).

The 12-day weighted exponential moving average crossed above the 26-day and 50-day on April 19<sup>th</sup> (arrow 6). After some sideways moves, the slope of 12-day and 26-day WEMAs reestablished a bullish trend. The 50-day WEMA has been consistently bullish since the end of last winter.

Looking ahead to the new week, the bulls have another opportunity to rally through the \$3.150 double-top; the next target is this month's first resistance band, \$3.197 (arrow 8). On the downside, we will look for support in between the 12-day WEMA ( $\approx$  \$3.022) and the 50-day WEMA ( $\approx$  \$2.904). A break below here clears a path to our model's first level of support, \$2.859 (arrow 7).



## Underground storage was normal last week.

Today, the EIA reported the tenth injection of the season into L48 natural gas underground storage. Stocks rose by a normal 98 Bcf to 2.313 Tcf for the week ended May 28<sup>th</sup>. The typical injection for this report is 100  $\pm$  28 Bcf and the five-year mean (interpolated) is 96 Bcf. The report came in between the whisper numbers which ranged from a low of 86 Bcf to a high of 107 Bcf, per the Reuters survey. We calculate the probability of coming in at/above the EIA's end-of-season 3.607 Tcf forecast is 70% (odds of 3-7).