

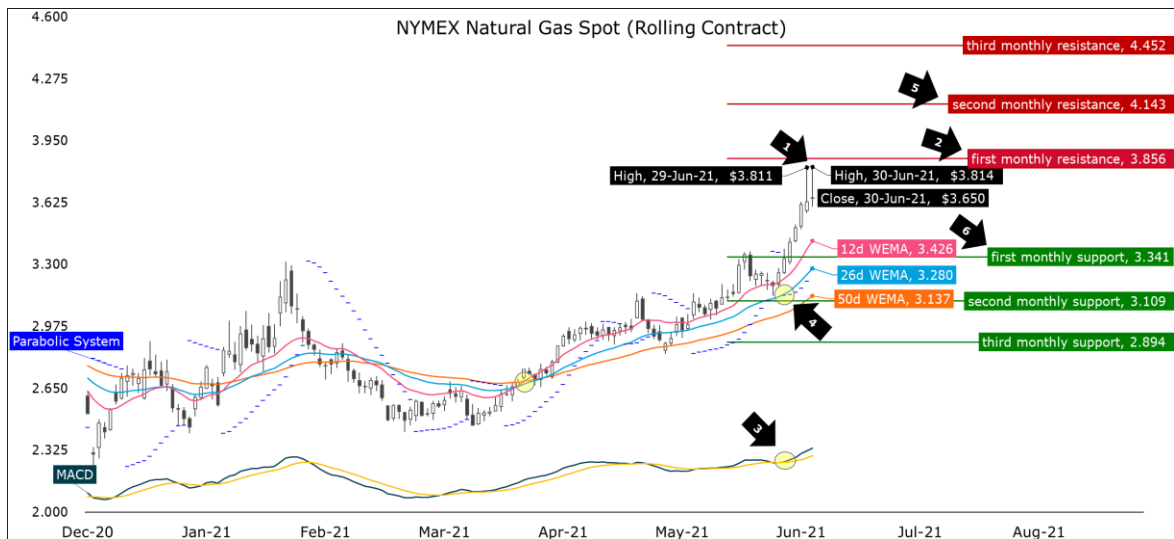


## NYMEX Gas is Hot Hot Hot

Over the last week, the Henry Hub spot (continuous roll) futures market went parabolic, rallying this past Tuesday to a two-and-half year high of \$3.811/MMBtu and then besting that print the following day with a \$3.814/MMBtu high print (arrow 1), once again establishing a *double-top*. The market rallied to within 4.2 cents of our model's initial resistance for this month.

Our two favorite technical indicators are obviously bullish. Both the Parabolic SAR (arrow 4) and MACD (arrow 3) flipped bullish on June 23<sup>rd</sup>. All exponential moving averages (WEMA)—the 12-day, 30-day, and 50-day—are sharply sloped to the upside.

Looking ahead through the end of July, a break through the double-top at \$3.814/MMBtu clears a path to retest our initial monthly resistance at \$3.856/MMBtu (arrow 2). The next target would breach the \$4/MMBtu psychological threshold and our second resistance for the month at \$4.143/MMBtu (arrow 5). Keep in mind, however, that given the parabolic rise over the last week, there is a lot of room to the downside for a correction. Our initial support band for the month is \$3.341/MMBtu (arrow 6).



### EIA reports a strong injection for the end of June.

Today, the EIA reported the fourteenth injection of the season into L48 natural gas underground storage. Stocks rose by a solid 76 Bcf to 2.558 Tcf for the week ended June 25<sup>th</sup>.

Demand for cooling Btus west of the Rockies is epic this week. The typical injection for next Thursday's report is 58 Bcf ±17 Bcf. Our early estimate indicates a refill below this range. We calculate the probability of coming in at/above the EIA's end-of-season forecast of 3.576 Tcf is 68%.