

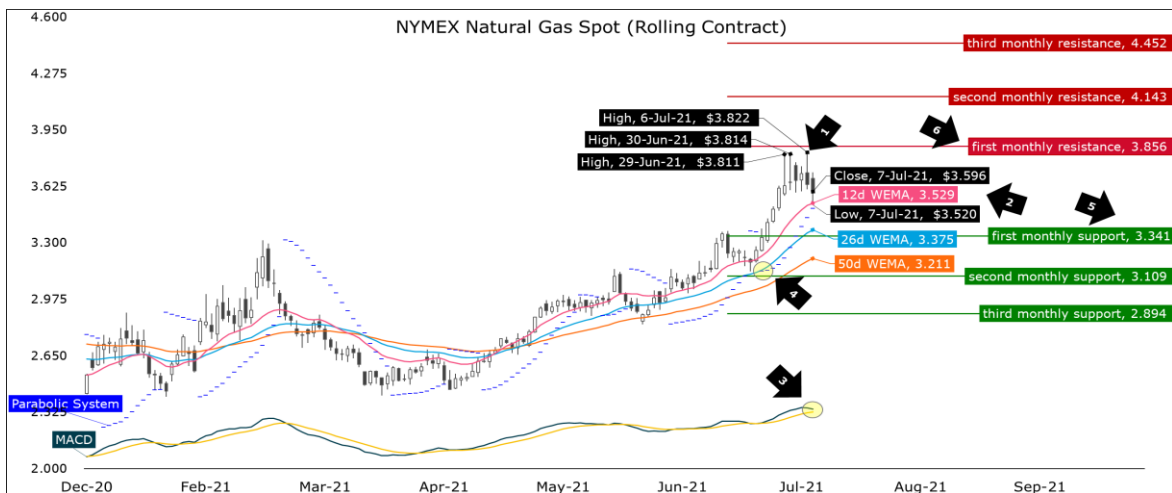


NYMEX Gas Triple Tops, Then Cools

Over the last week, the Henry Hub spot (continuous roll) futures market peaked at three new two-and-half year highs—\$3.811/MMBtu on June 29th, \$3.814/MMBtu on June 30th, and \$3.822/MMBtu on July 6th (arrow 1). The market ultimately rallied to within 3.4 cents of our model's initial resistance for this month, \$3.856/MMBtu (arrow 6). However, as highlighted by arrow 2, on Wednesday of this week the market crashed to 9 ticks below the 12-day weighted exponential moving average (WEMA) and settled at \$3.596/MMBtu.

Our two favorite technical indicators—the Parabolic SAR (arrow 4) and the MACD (arrow 3) are still bullish but are on the cusp of tacking bearish. All exponential moving averages (WEMA)—the 12-day, 30-day, and 50-day—are sloped to the upside, although the 12-day WEMA is starting to plateau.

Looking ahead through the end of July, a break below the 12-day WEMA clears a path to the 26-Day WEMA around \$3.375/MMBtu and our initial support for the month at \$3.341/MMBtu (arrow 5). Below here, we'll see if the bears can test the 50-day WEMA around \$3.211/MMBtu and our second support for the month at \$3.109/MMBtu. On the upside, bulls can shoot for the triple-top and a retest of our initial resistance for the month at \$3.856/MMBtu.



EIA reports a miniscule injection for the start of July.

Today, the EIA reported the fifteenth injection of the season into L48 natural gas underground storage. Stocks rose by a (well) below normal 16 Bcf to 2.574 Tcf for the week ended July 2nd. The typical injection for next Thursday's report is 52 Bcf ±16 Bcf and the five-year mean is 54 Bcf. The early whisper number ranges from the mid-40s to the mid-50s Bcf. We calculate the probability of coming in at/above the EIA's revised end-of-season forecast of 3.603 Tcf is 58%.