



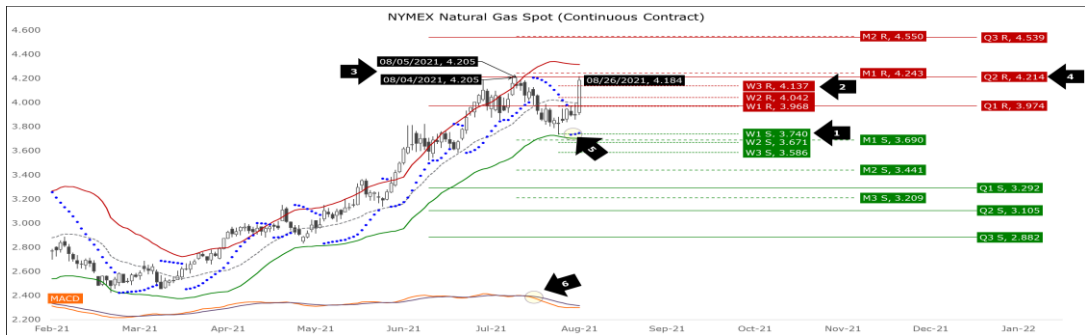
NYMEX Gas' Parabolic Rise

Over the last week, NYMEX Henry Hub spot (continuous roll) futures bottomed 6 ticks below our initial support for the week of \$3.740/MMBtu (arrow 1). Over the ensuing four sessions, prices trended steadily higher. Today, the market turned parabolic in the wake of a bullish update from the EIA on underground storage. The contract surged through our third (and final) resistance target for the week of \$4.137/MMBtu (arrow 2), peaking within hailing distance of the \$4.205 /MMBtu double-top (arrow 3) and our second resistance for the quarter of \$4.214/MMBtu (arrow 4).

Our two favorite technical indicators are mixed. The Parabolic SAR (arrow 5) flipped bullish this past Tuesday, August 24th. This indicator was bearish from August 11th through this past Monday, August 23rd. During this stretch, the market fell from a high of \$4.129/MMBtu on August 11th to a low of \$3.734/MMBtu on August 19th for a peak-to-trough loss of \$0.395/MMBtu (-9.6%). Our other favorite technical, the MACD (arrow 6), has been bearish since August 09th.

We go into further detail regarding the spike on NYMEX gas in today's [Market View](#) section.

Looking ahead through next Thursday, per today's \$4.184/MMBtu settle, the bulls first target is our second resistance level for the quarter of \$4.214/MMBtu. Our three weekly resistance points are \$4.314/MMBtu, \$4.503/MMBtu, and \$4.756/MMBtu. Our initial support for the week is \$4.058/MMBtu, followed closely by the volume weighted average price (VWAP) of around \$4.000/MMBtu. Our second and third support levels are \$3.887/MMBtu and \$3.681/MMBtu, respectively



The EIA delivers a stinker.

This morning, the EIA reported a measly 29 Bcf injection into L48 natural gas underground storage. Inventories rose to 2.851 Tcf for the week ended August 20th. The number came in well below market expectations which ranged from 37 Bcf on the Platts' survey to 41 Bcf on the Dow Jones' survey. We are now two-thirds of the way through the season and as of last week's injection, the market has replaced only 50% of last winter's 2.208 Tcf delivery. The probability of ending this season above the EIA's forecast of 3.564 Tcf plunged from 62% to 50%!