

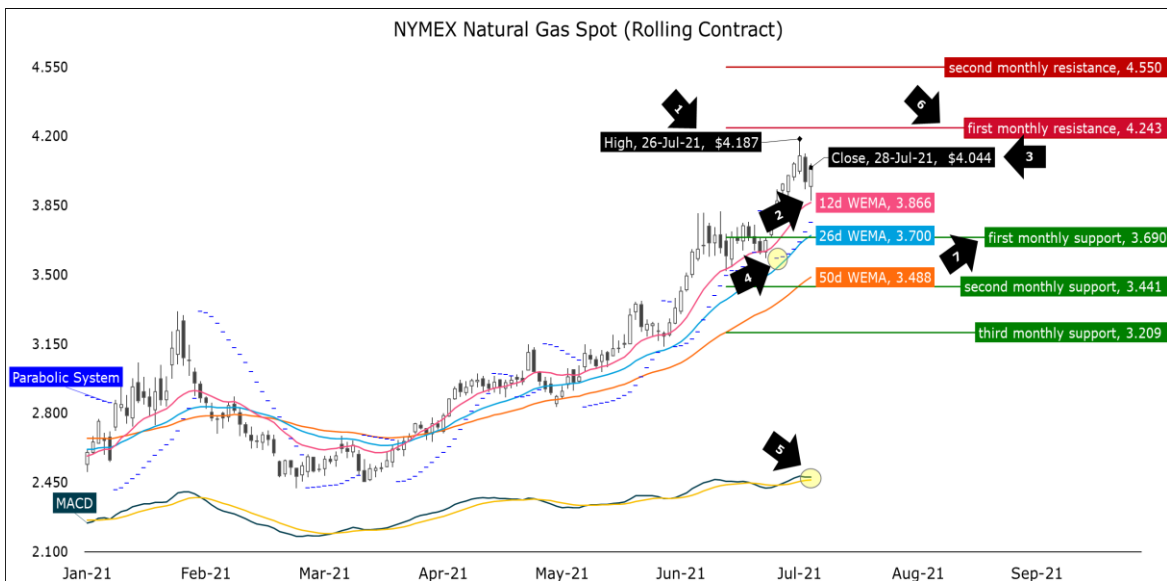


NYMEX Gas Up, Up and Away

At the start of this week, the Henry Hub spot (continuous roll) futures market surged to a 6½-year high of \$4.187/MMBtu (arrow 1). The contract pulled back midweek to the 12-day weighted exponential moving average (WEMA) at \$3.866/MMBtu (arrow 2) but then rallied back to close at \$4.044/MMBtu (arrow 3).

Our two favorite technical indicators have settled into an upward trend. The Parabolic SAR has been bullish since July 20th (arrow 4) and the MACD has been bullish since July 21st (arrow 5). All WEMAs—the 12-day, 30-day, and 50-day—are sloped to the upside (bullish).

Looking ahead into August, a break above the July 26th high print of \$4.187/MMBtu opens the door to our first monthly resistance level at \$4.243/MMBtu (arrow 6). Our second target for the month is \$4.550/MMBtu. On the downside, a failure to hold support around the \$3.866/MMBtu 12-day WEMA alerts to further corrective momentum towards the 26-day WEMA (≈ \$3.700/MMBtu) and our first monthly support target of \$3.690/MMBtu (arrow 7).



The market has replaced 44% of last winter’s supply.

Today, the EIA reported the eighteenth injection of the season into L48 natural gas underground storage. Stocks rose by a normal 36 Bcf to 2.714 Tcf for the week ended July 23rd. This report is typically one of the lowest of the season at 32 Bcf ±10 Bcf. Next week’s report historically marks the lowest point of the season with a typical injection of 31 ±9 Bcf. The early consensus is calling for a meager addition in the low teens.