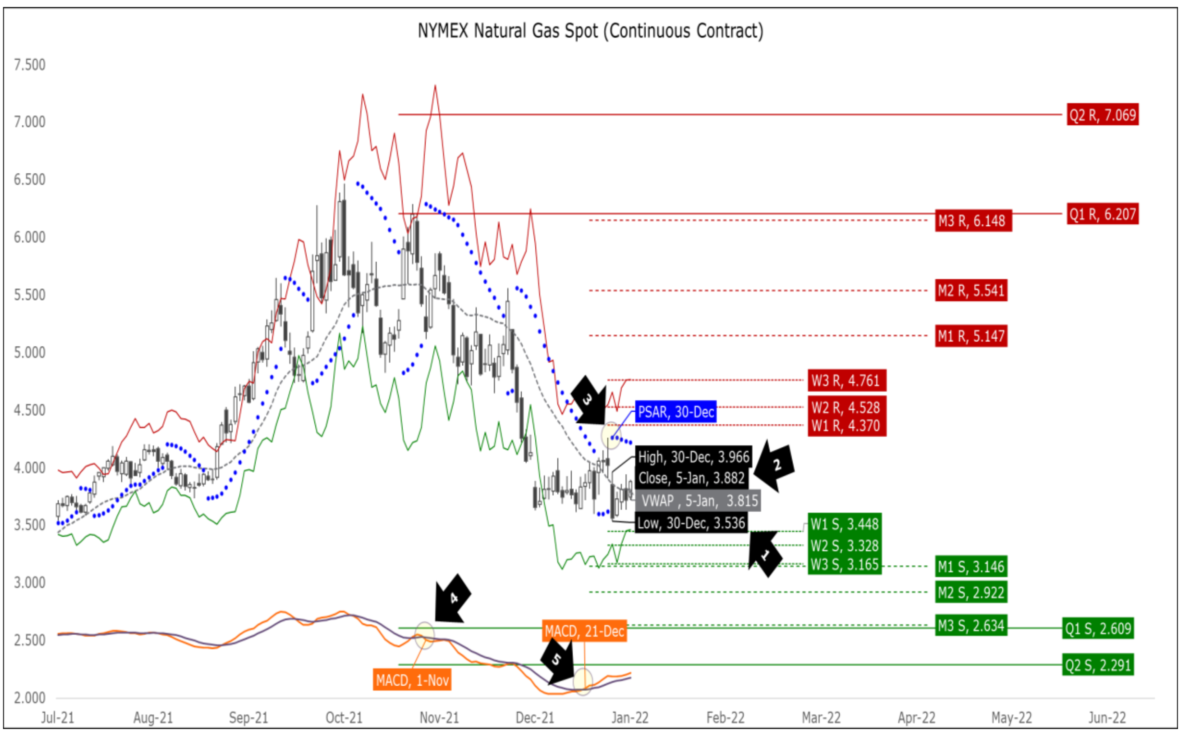
The More Things Change, the More They Stay the Same

It is a new year, but it is the same old for NYMEX Henry Hub natural gas futures. After gapping lower at the start of last month, the spot contract has traded in a relatively flat range, peaking on December 29th (the expiry of the January 2022 contract) at $4.261/MMBtu and bottoming the following day at $3.536/MMBtu (arrow 1). Yesterday, the market settled at $3.882/MMBtu (arrow 2).

Our two favorite technical indicators are sending mixed signals. After holding a bearish bias since November 1st (arrow 4), the MACD flipped bullish on December 21st (arrow 5). The parabolic SAR has been bearish since December 30th (arrow 3).

Looking ahead to next Wednesday, January 12th, per yesterday's $3.882/MMBtu settlement, our weekly resistance levels are $4.370/MMBtu, $4.528/MMBtu, and $4.761/MMBtu. The weekly support targets are $3.448/MMBtu, $3.328/MMBtu, and $3.165/MMBtu. Our initial resistance and support targets for the month are $5.157/MMBtu and $3.146/MMBtu, respectively.



Itsy bitsy teenie weenie deliveries.

Today the EIA reported the seventh delivery of the winter; a meager 31 Bcf of natural gas was pulled from L48 underground storage. For the week ended December 31st, storage inched down to 3.195 Tcf and the surplus to the seasonally adjusted trend nearly doubled to a 47-week high of 9.1% (267 Bcf). Since the start of the heating season, a total of 449 Bcf has been delivered, which is 26% (160 Bcf) below the seasonally adjusted time series and 29% (179 Bcf) below last year's pace.