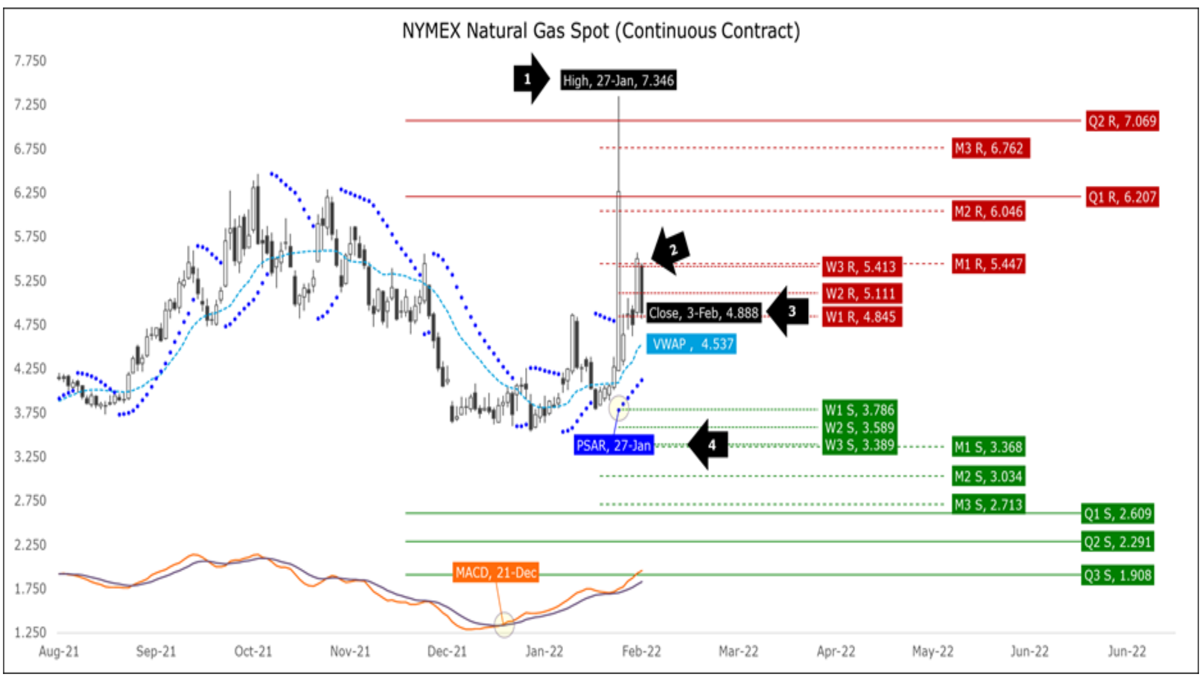
It Takes Onions to Trade Natural Gas

As noted in today's Market View, volatility has risen to levels last seen when Hurricanes Katrina and Rita tag-teamed the Gulf of Mexico producing area in the fall of 2005. Since the start of the year, volatility has more than trebled from an approximate one standard deviation daily change of $2,530 per contract on January 4th to yesterday's $8,153 per contract variance.

On Tuesday and Wednesday, NYMEX spot gas futures peaked right around our third level of resistance for the week of $5.413/MMBtu and our initial level of resistance for the month of $5.447/MMBtu (arrow 2). The market cratered yesterday and finished $0.043/MMBtu above our initial level of resistance for the week of $4.845/MMBtu (arrow 3).

Looking ahead to next Thursday, February 3rd, per yesterday's $4.888/MMBtu settlement in the contract for March delivery, our weekly resistance levels are $6.373/MMBtu, $7.152/MMBtu, and $8.093/MMBtu. The weekly support targets are $3.749/MMBtu, $3.341/MMBtu, and $2.952 /MMBtu. Our resistance targets for the month are $5.447, $6.046/MMBtu, and $6.762/MMBtu. The support targets are $3.368/MMBtu, $3.034/MMBtu, and $2.713/MMBtu.



200+ Bcf deliveries are all the rage.

Today the EIA reported the eleventh delivery of the winter: a **massive** 268 Bcf of natural gas was delivered from L48 underground storage. For the week ended January 28th, storage dropped to 2.323 Tcf. The early consensus for next Thursday's update is a fourth straight delivery in excess of 200 Bcf. We have only seen four consecutive plus-200 Bcf delivery once before, in the polar vortex winter of 2014.