



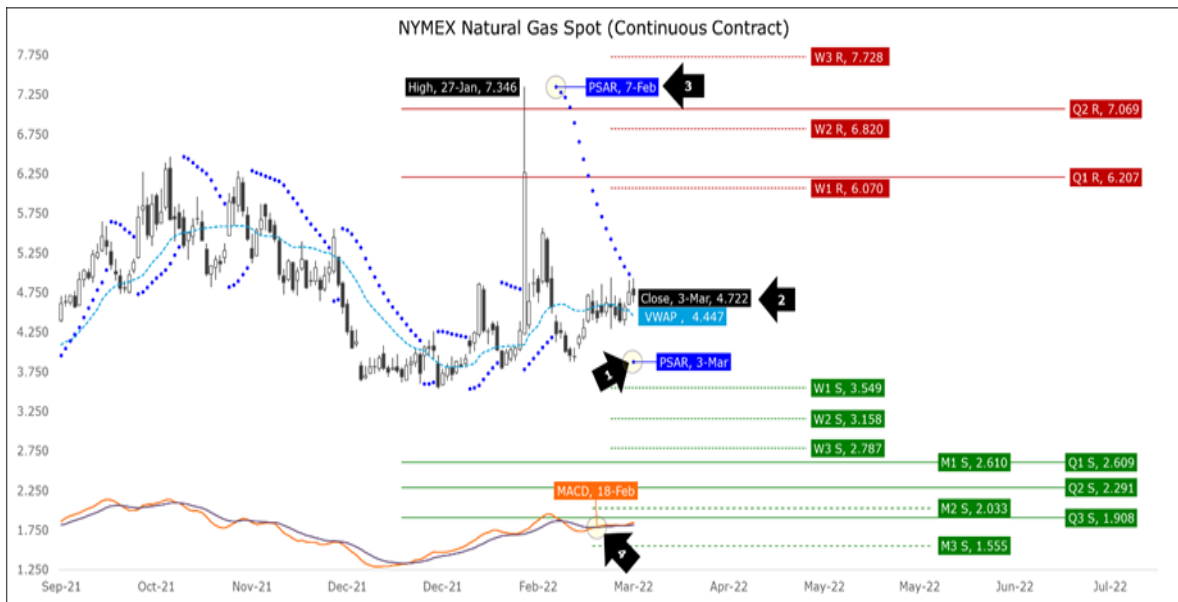
A Tale of Two Markets

After a volatile February, spot Henry Hub futures on the NYMEX opened March in quiet fashion, methodically trudging higher. The U.S. market's stability is in stark contrast what we are seeing Europe given the situation in Ukraine. The European (Dutch TTF) natural gas futures market is now trading at the equivalent of >\$300/b crude oil.

The response in European prices is to be expected given the Continent's reliance on Russian supplies (which transits Ukraine) and will give another boost to demand for U.S. LNG, a fact that will underpin Henry Hub prices. However, U.S. LNG is already at max capacity, so there is a limit on how high U.S. prices can go.

After a couple of whipsaws over the past two weeks, our two favorite technical indicators are back in agreement. The parabolic SAR, which had been bearish since February 7th (arrow 3) flipped to bullish today (arrow 1), while the MACD flipped bullish two Fridays ago, February 18th (arrow 4).

Looking ahead to next Thursday, March 10th, per yesterday's \$4.722/MMBtu settlement, our weekly resistance levels are \$5.371 /MMBtu, \$5.680 /MMBtu, and \$6.031 /MMBtu. The weekly support targets are \$4.151/MMBtu, \$3.926/MMBtu, and \$3.697/MMBtu. Our monthly resistance targets are \$8.252/MMBtu, \$10.596/MMBtu, and \$13.854/MMBtu. The support targets are \$2.610/MMBtu, \$2.033/MMBtu /MMBtu, and \$1.555/MMBtu.



L48 underground storage is being drained at an alarming rate.

Today the EIA reported the eighth straight triple-digit delivery of the winter, a substantial 139 Bcf of natural gas was delivered from L48 underground storage. For the week ended February 25th, storage dropped to 1.643 Tcf. We are now four-fifths of the way through the heating season and the market has delivered 106% of last summer's refill.