



Henry Hub Gas, Back on a Bullish Track

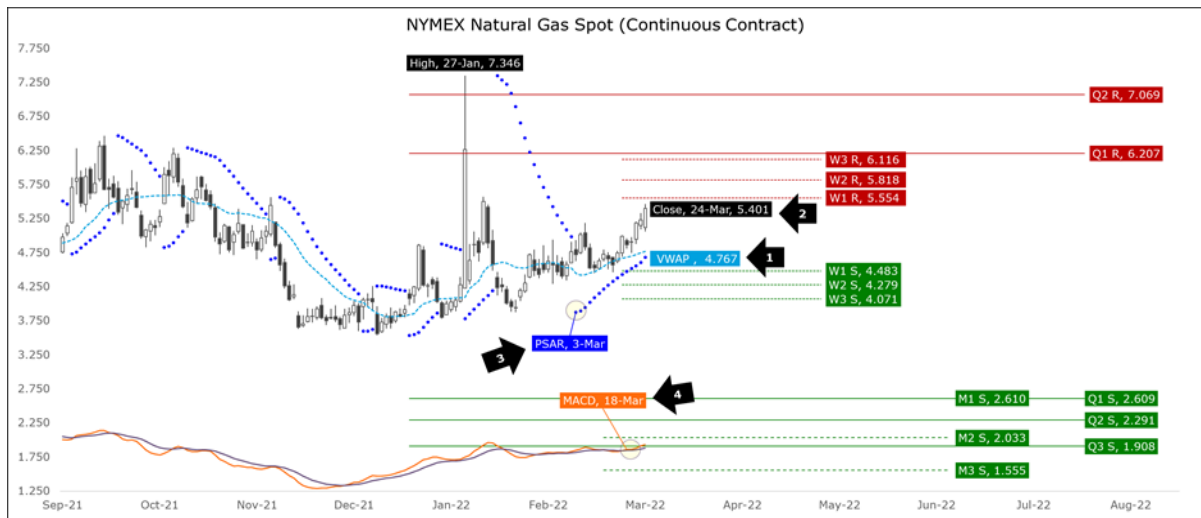
For a second straight week, spot natural gas futures on the NYMEX moved steadily higher. The market is now trading well above the volatility-weighted average price of \$4.767/MMBtu (arrow 1). Today the contract peaked and settled at a seven-week high of \$5.464/MMBtu and \$5.401/MMBtu, respectively (arrow 2).

The parabolic SAR flipped to bullish on March 3rd (arrow 3), while our other favorite technical indicator, the MACD, has been oscillating between bullish and bearish signals for the past month. The MACD flipped back to bullish on March 18th (arrow 4). From a technical perspective the market is back on a bullish track.

Looking ahead to next Thursday, March 31st, per yesterday's \$5.401/MMBtu settlement, our weekly resistance levels are \$5.902/MMBtu, \$56.134/MMBtu, and \$6.393/MMBtu. The weekly support targets are \$4.943/MMBtu, \$4.756/MMBtu, and \$4.563/MMBtu.

Our updated monthly resistance targets are \$6.533/MMBtu, \$7.096/MMBtu, and \$7.753/MMBtu. The new support targets are \$4.465/MMBtu, \$4.111/MMBtu /MMBtu, and \$3.763/MMBtu.

Lastly, our updated targets for the quarter are \$7.418/MMBtu, \$8.515/MMBtu, and \$9.871/MMBtu. The new support targets are \$3.932/MMBtu, \$3.426/MMBtu /MMBtu, and \$2.955/MMBtu.



Storage is primed to go into summer at a deficit to the five-year average.

Today the EIA reported the eighteenth, and perhaps final, delivery of the winter. As of March 18th, L48 underground storage of natural gas fell by 51 Bcf to 1.389 Tcf. The market has delivered 119% of last summer's 1.894 Tcf refill. The early consensus for next week's report is looking at the first injection of the refill season of around 25 Bcf for the week ended March 25th. However, given the weather outlook, it's possible that this 25 Bcf will be delivered the following week. Storage is on pace to end this winter approximately 16% below the five-year average.