



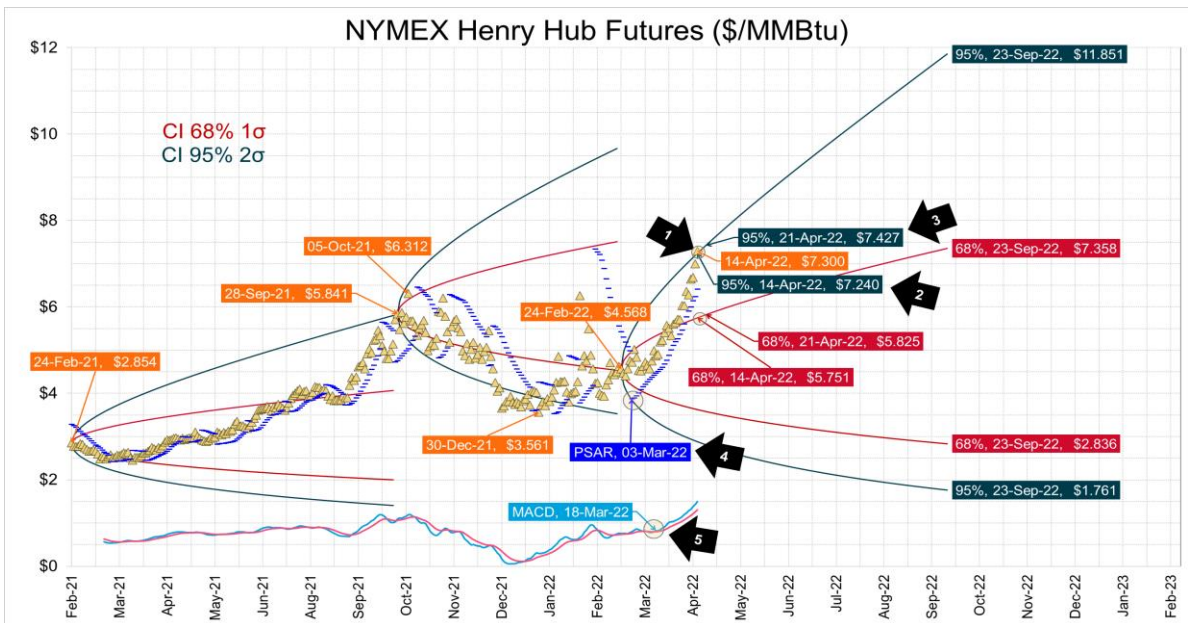
NYMEX Gas, Deadlier Than Ever

For a fifth straight week, spot natural gas futures on the NYMEX moved steadily higher. Today, the market peaked and settled at a fourth consecutive 14-year high, \$7.346/MMBtu and \$7.300/MMBtu, respectively. Over the past month, the contract has closed higher in five out of every seven sessions, one of the longest winning streaks since the NYMEX began trading in 1990.

Our two favorite technical indicators are in agreement. The parabolic SAR has been bullish since March 3rd (arrow 4), while the MACD has been bullish since March 18th (arrow 5). From a technical perspective the market is strongly bullish.

Why do we like the parabolic SAR (PSAR) and MACD? Since the PSAR flipped bullish, gas has closed higher in 5 out of every 8 sessions for a net gain of 53%. Since the MACD flipped bullish, gas has closed higher in 7 out of every 10 sessions for a net gain of 55%.

Today the market closed at \$7.300/MMBtu (arrow 1), six cents above our model's \$7.240 (arrow 2) 95% confidence interval for this week. For the five days ahead, the 95% confidence point on the arc is \$7.427/MMBtu (arrow 3).



Refills stumbled out of the gate.

Today the EIA reported a meager injection for last week. One week after reporting a substantial 33 Bcf delivery, the EIA followed up with a subpar injection of 15 Bcf.

As of April 8th, L48 underground storage of natural gas inched up to 1.397 Tcf and the deficit to the seasonally adjusted norm moved out by 30 basis points to 18.4% (316 Bcf). The early consensus for next Thursday's report is a large injection in the mid-40s Bcf.