



Technicals Finally Turn Bullish

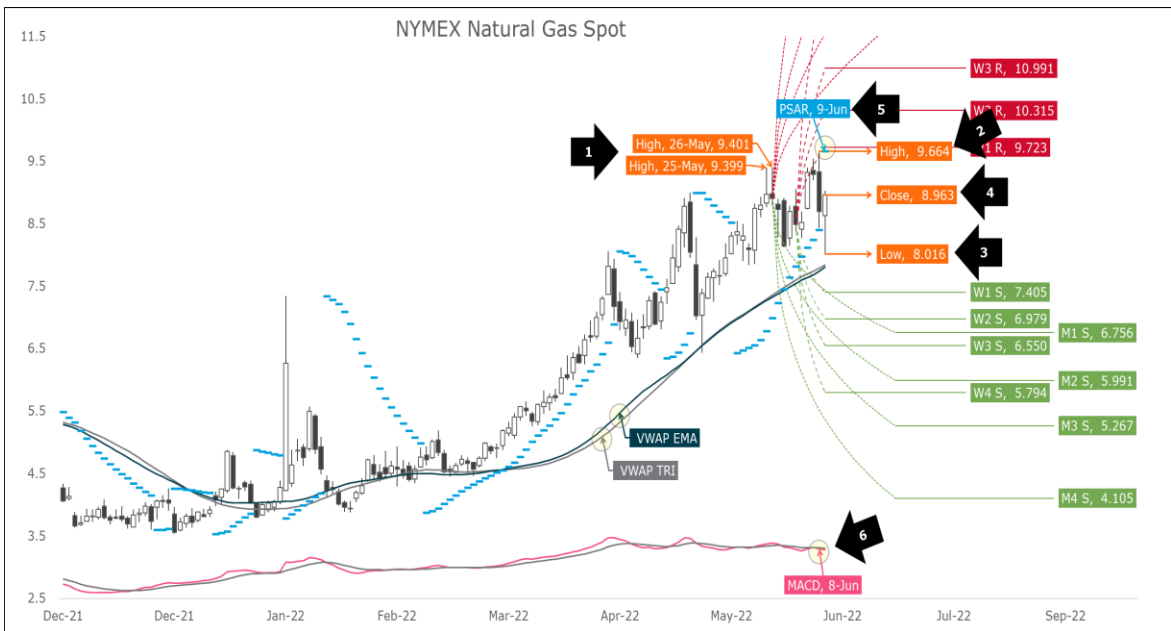
As highlighted in today's [Market View](#), volatility on the NYMEX is surging thanks to the combination of a massive short position on Wall Street and news regarding a disruption in Gulf Coast LNG exports.

As illustrated below, over the past five days the market took out the May 25th - May 26th double top (arrow 1) and peaked (arrow 2) at the highest level (\$9.664/MMBtu) since Hurricane Gustav pummeled the Gulf of Mexico shallow water producing area in 2008.

Thursday morning the market plunged to an \$8.016/MMBtu low print (arrow 3) and then recovered in the afternoon to an \$8.963/MMBtu close (arrow 4).

Our two favorite technical indicators are now bearish. The parabolic SAR flipped bearish today (arrow 5) after holding a bullish bias since May 18th. Our other favorite technical, the MACD, turned bearish on Wednesday (arrow 6).

Looking ahead through June 16th, per Thursday's \$8.963/MMBtu settle, our model's three resistance levels are \$10.116, \$10.662, and \$11.280. Our three support levels are \$7.942, \$7.535, and \$7.122.



Storage refills: steady as she goes.

The EIA has now reported eight straight solid refills. As of June 3rd, a total of 97 Bcf of gas was injected into L48 underground storage. Since the start of the season, a total of 617 Bcf has been injected which is 36 Bcf (6%) above the seasonally adjusted trend but 44 Bcf (7%) below last year's pace. The early consensus for next Thursday's report is a strong injection in the mid-80s Bcf.