Bears Make Hay While the Sun Shines

The floor fell out from underneath the NYMEX Henry Hub Natural Gas Futures complex two weeks ago after headlines broke that Freeport LNG's (1.98 Bcf/d capacity) export terminal would be offline through the remainder of the refill season.

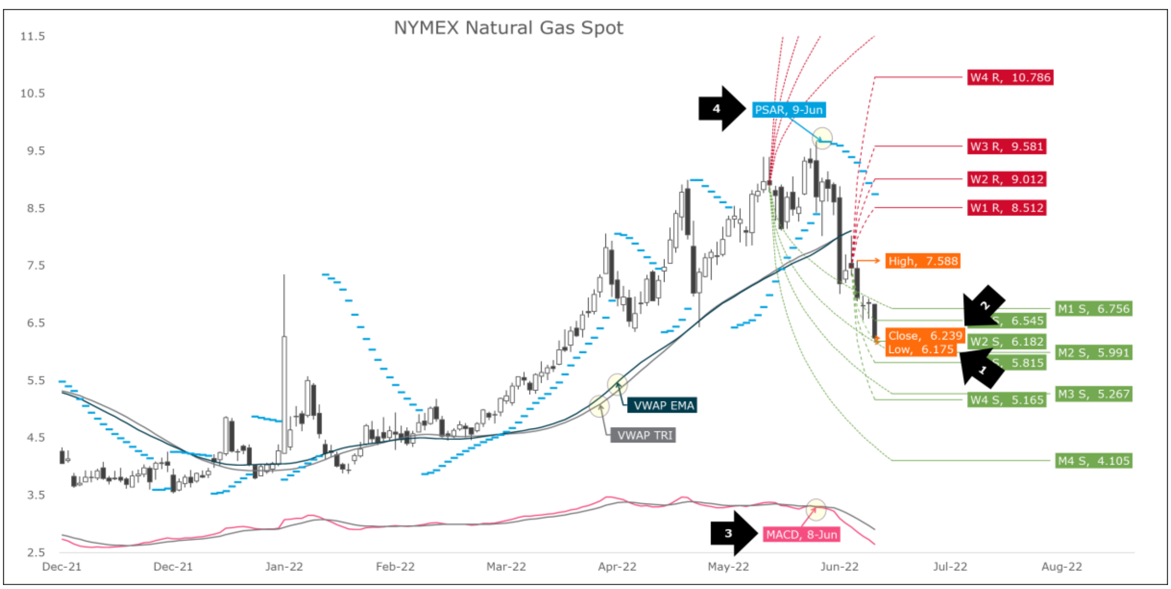
Over the past week, natty bears pressed their advantage.

As illustrated, the market peaked at the end of last week at $7.588, meandered through the first two trading days of this week and then crashed yesterday to 7 ticks below our second (of four) weekly support level of $6.182 (W2 S), and settled 5.7 cents above our W2 S at $6.239 (arrow 2).

Our two favorite technical indicators flipped bearish two weeks ago. The MACD turned on June 8th (arrow 3) and the parabolic SAR turned on June 9th (arrow 4).

Looking ahead through next Thursday, June 30th, per yesterday's $6.239 settle, our model's four weekly support levels are $5.409, $5.083, $4.756, and $4.182. Our four weekly resistance points are $7.197, $7.657, $8.184, and $9.309.

Our four support levels on the monthly model are $6.669, $5.881, $5.140, and $3.959.



Storage refills are steady as ever.

This morning the EIA reported a solid injection of 74 Bcf of natural gas into L48 underground storage for the week ended June 17th. As of last Friday, inventories stood at 2.169 Tcf. Since the start of the season, a total of 787 Bcf has been injected which is 59 Bcf (8%) above the seasonally adjusted trend and 55 Bcf (8%) above last year's pace. The early consensus for next Thursday's report is a solid injection of about 70 Bcf.