



## The Bulls Were Challenged This Week

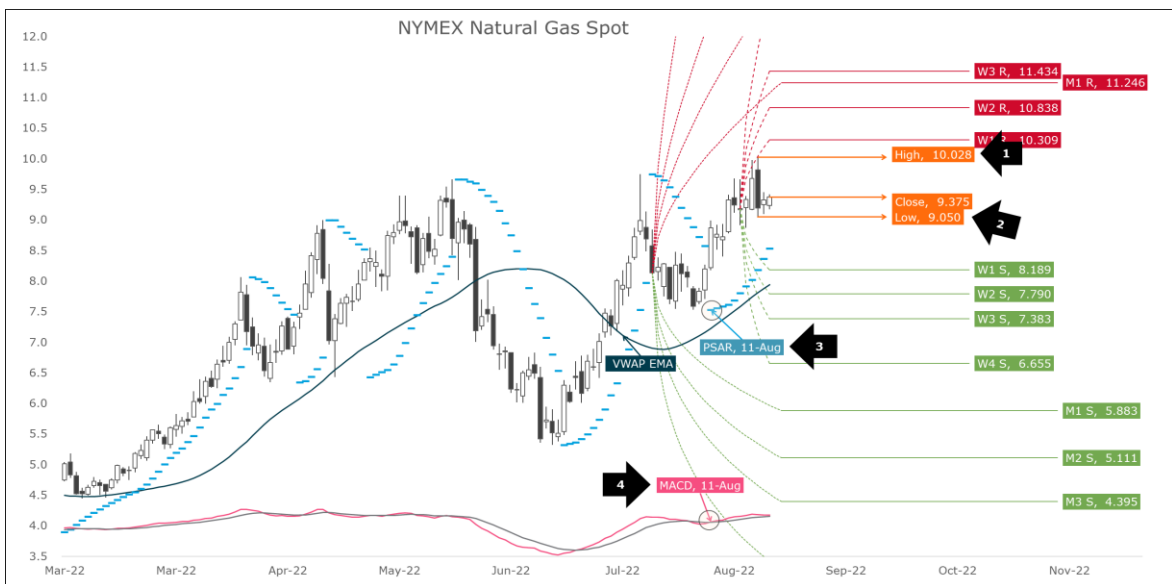
This past Tuesday, the spot NYMEX Henry Hub natural gas futures contract surged above the \$10/MMBtu threshold (arrow 1) for the first time since the summer of 2008. However, later that morning the bottom fell out from underneath the market to \$9.050 (arrow 2) after news broke that a partial restart of Freeport LNG was pushed back a month to the middle of November.

Over the past two sessions, the bulls have managed to stem the bleeding. Today the market settled at \$9.375/MMBtu.

Our two favorite technical indicators, the parabolic SAR (arrow 3) and the MACD (arrow 4) each turned bullish two weeks ago.

Looking ahead to next Thursday, September 1<sup>st</sup>, per yesterday's \$9.375 settlement our model's four weekly support levels are \$8.404, \$8.015, \$7.617, and \$6.902. Our four weekly upside targets are \$10.458, \$10.966, \$11.539, and \$12.734.

Our monthly targets (which are good through Monday's contract roll) are \$5.883, \$5.111, \$4.395, and \$3.282 for support and \$11.246, \$12.945, \$15.054, and \$20.159 for resistance.



## The EIA surprises to the upside!

This morning, the EIA reported a much larger than expected injection of natural gas into L48 underground storage. One week after reporting an abnormally low injection of 18 Bcf, the EIA followed up with an abnormally large injection of 60 Bcf. Thus, the two-week injection sums 78 Bcf, which is about as normal as can be. But normal is not quite enough to hit the EIA's end-of-season target of 3.433 Tcf; in view of that, we have lowered the probability of hitting this forecast from 8% to 6% (odds 15:1).