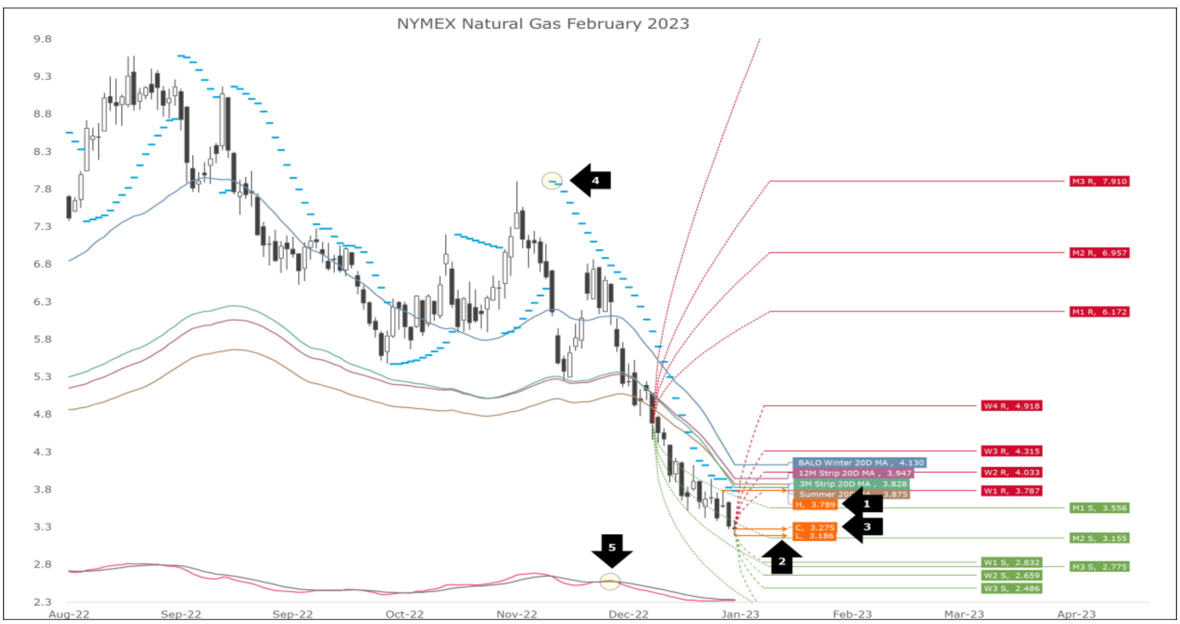
All Goods Things (Eventually) Come to An End

NYMEX gas futures continued to tank over the past five days. The contract for February 2023 delivery peaked this past Tuesday below numerous volume-weighted trendlines at $3.789 (arrow 1). Today, the market plunged to a $3.186 low print (arrow 2) and settled at $3.275 (arrow 3), down 11.4% from the previous Thursday's settlement.

Since our two favorite technicals (parabolic SAR and MACD) turned bearish back in early December, the February 2023 market has closed lower in four out of every seven sessions with the market falling on average by 2.2% per session, from $6.631 to $3.275. However, all good things do come to an end. The parabolic SAR and MACD both appear to be on the cusp of flipping bullish.

For the time being, both technicals are still bearish. Therefore, we will hold our bearish bias for a sixth straight week.

Looking ahead to next Thursday, January 26th, per today's $3.275 settlement, our model's four weekly support levels are $2.832, $2.659, $2.486, and $2.181. Our weekly upside targets are $3.787, $4.033 $4.315, and $4.918.



L48 Storage… another subpar report.

One week after reporting the first ever winter injection of gas into L48 underground storage, the EIA followed up today with a meager withdrawal. For the week ended January 13th, 82 Bcf was delivered. The typical delivery for this report—based on our seasonally adjusted model—is 167 ±48 Bcf. After today's report, storage is on trend to finish the season around 1.572 Tcf, well above the EIA's newly revised end-of-season forecast of 1.493 Tcf.