



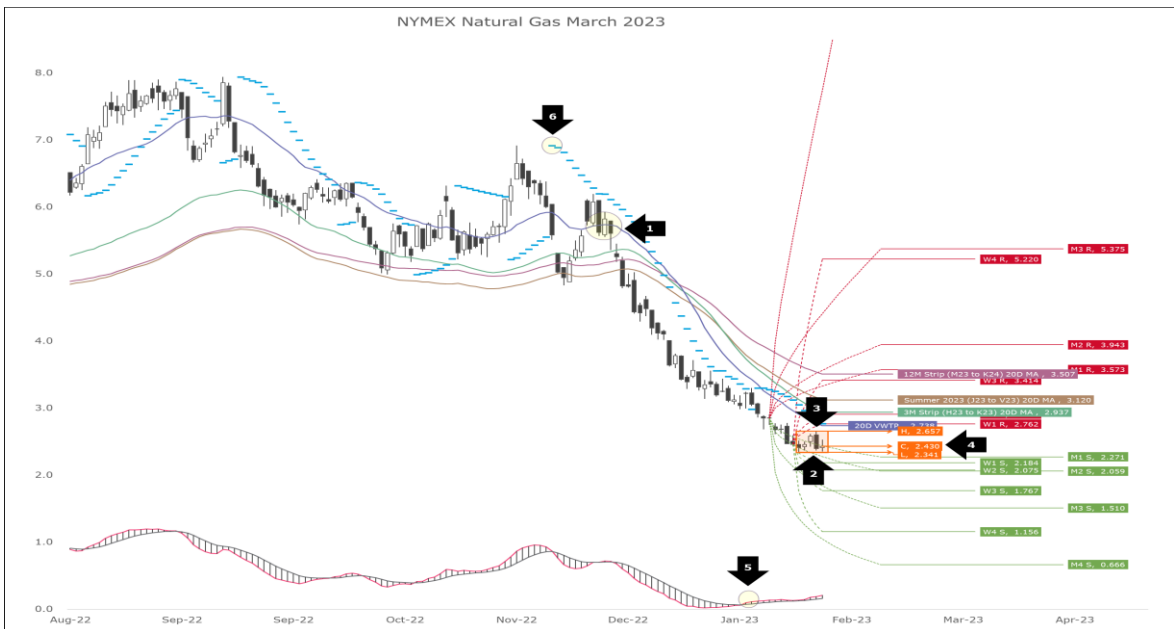
Nothing Says Winter Like ... Multiple Life-of-Contract Lows?

Since the NYMEX natural gas futures contract for March 2023 delivery crossed below the 20-day volume-weighted average true-price two months ago (arrow 1), the contract has fallen on average by 2.3% per session, from \$6.070/MMBtu on December 13th, to today's \$2.430/MMBtu settlement.

What's more, through the first three sessions of this month, the contract posted three straight life-of-contract low prints as February 3rd (arrow 2). The contract has now posted a life-of-contract low settlement price in four of the first six sessions of the month, yesterday's \$2.396 close being the latest.

In addition to this week's record \$2.341 low print, the market peaked at \$2.657 (arrow 3) and finished today at \$2.430 (arrow 4).

Outside of a brief two-day whipsaw from a few weeks ago, the parabolic SAR technical indicator (one of our favorites) has been bearish since early December (arrow 6). However, our other favorite indicator, the MACD (arrow 5), flipped bullish a couple of weeks ago and is still clinging to that bias. Given that these two metrics are not in sync, we will hold our bias neutral for a third straight week.



The EIA delivers a monster delivery!

Today the EIA reported a massive delivery (withdrawal) of natural gas from L48 underground storage. For the week ended February 3rd, 217 Bcf was delivered, the largest delivery since this past December's polar vortex. Storage fell to 2.366 Tcf. Next Thursday's EIA update (for the week ending tomorrow) will be considerably lower. Aside from last Saturday's record cold in western New York State and New England, heating demand is weak. Through the first five days of this week, utility demand for natural gas is at a five-week low of 3.833 TWhs.