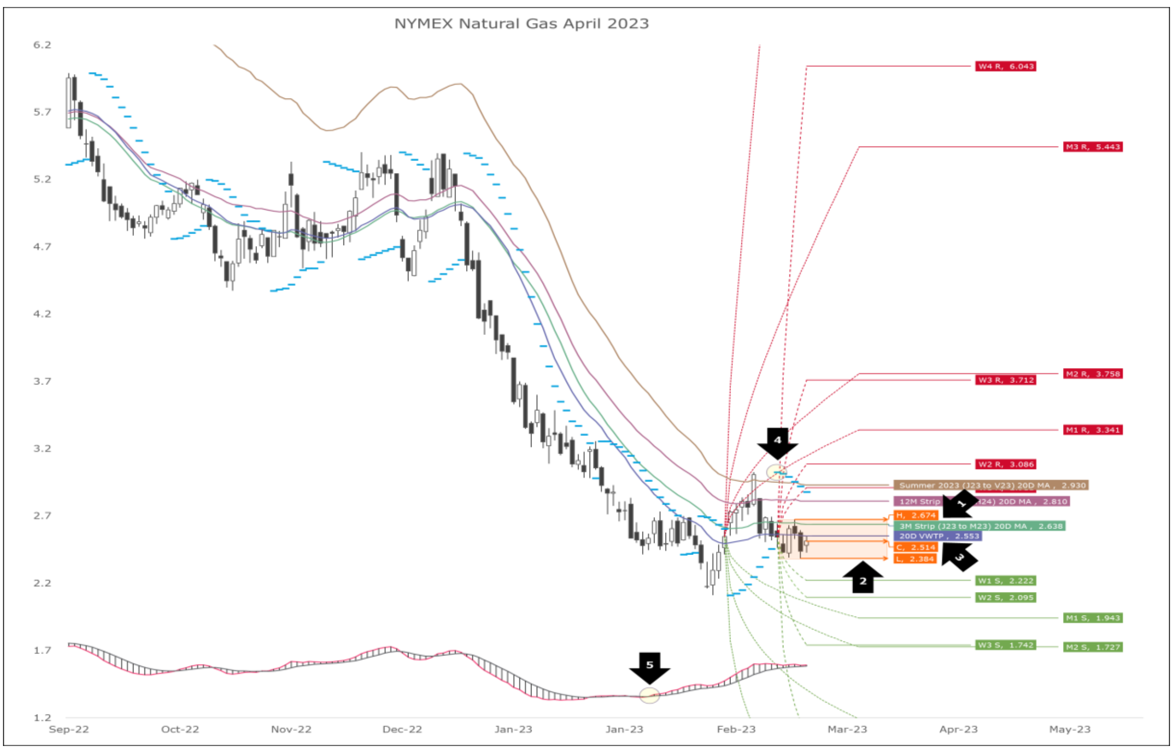
Momentum Moves Sideways

Over the past week, NYMEX natural gas futures for April 2023 delivery moved sideways. The contract peaked earlier in the week above the 3-month volume-weighted summer strip at $2.674 (arrow 1) and bottomed yesterday at 2.384 (arrow 2). The market finished today within 3.9 cents of the 20-day moving average in the volume-weighted true-price at $2.514 (arrow 3).

One of our favorite technical indicators (parabolic SAR) turned bearish at the end of last week (arrow 4), while our other favorite indicator (MACD) has been bullish since early last month (arrow 5). Given that these two metrics are still out of sync, we will hold our neutral bias for a second straight week.

Looking ahead to next Thursday, March 23rd, per yesterday's $2.514 settlement, our model's four weekly support levels are $2.196, $2.071, $1.721, and $1.056. Our four weekly upside targets are $2.878, $3.052, $3.672, and $5.983.



L48 Storage deliveries winding down for the season.

Today the EIA reported a normal 58 Bcf delivery (withdrawal) of natural gas from L48 underground storage. The typical delivery for this report is 62 ±18 Bcf. As of last Friday, March 10th, storage fell to 1.972 Tcf. The average delivery through the end of this month is 68 ±33 Bcf. Based on this metric there is a 20% probability we will finish this winter above the EIA's 1.901 Tcf end-of-season forecast, along with a 50% probability we will end above 1.870 Tcf.