HENRY HUB NG FUTURES

THE SCHORK GROUP, INC.

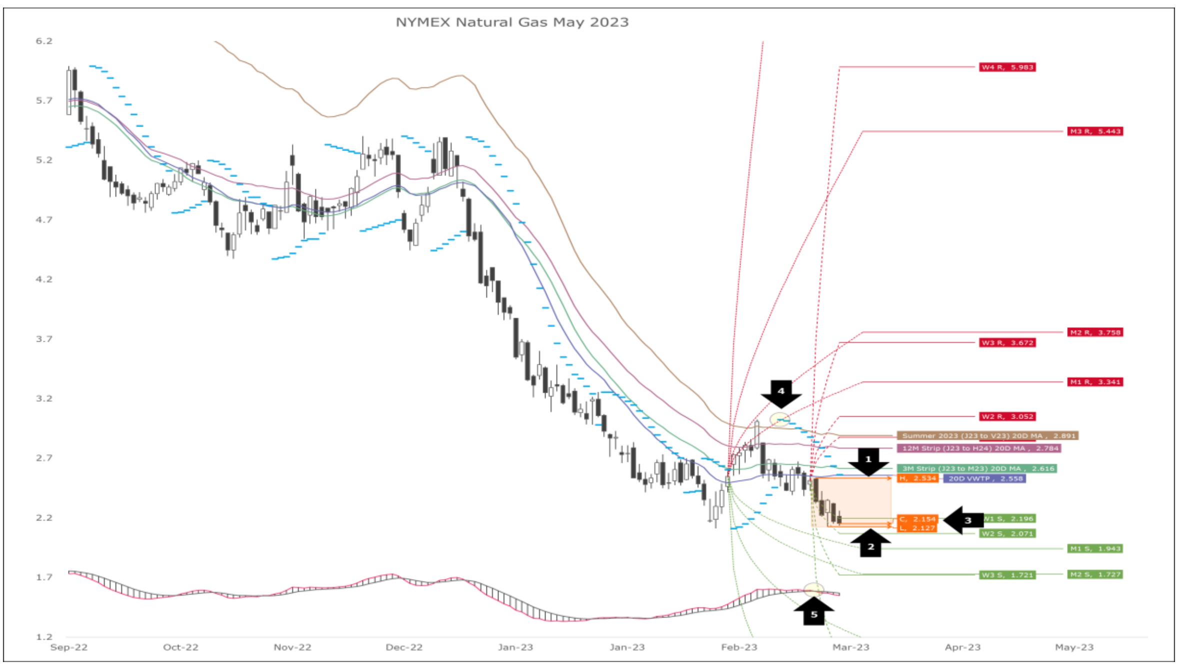
Can Bulls Defend $2?

Over the past week, NYMEX natural gas futures for April 2023 delivery tanked. The contract peaked at the end of last week within $0.024 of the 20-day moving average in the volume-weighted true-price at $2.534 (arrow 1). The contract bottomed yesterday at $2.127 (arrow 2) and finished today $0.042 below our $2.196 initial support target for this week at $2.154 (arrow 3).

Going into the final week of trading for April 2023 gas, it remains to be seen if bulls can defend $2!

One of our favorite technical indicators (parabolic SAR) turned bearish two weeks ago (arrow 4), while our other favorite indicator (MACD) flipped bearish at the end of last week. Given that these two metrics are in sync, we will switch our two-week old neutral bias to bearish.

Looking ahead to next Thursday, March 23rd, we will switch our focus to the contract for May 2023 delivery. Per yesterday's $2.283 settlement, our model's four weekly support levels are $2.028, $1.926, $1.638, and $1.068. Our four weekly upside targets are $2.570, $2.706, $3.181, and $4.879. We will update the targets for the new month in next week's report.



L48 storage deliveries: the end of the season is nigh.

Today the EIA reported a heavier than normal 72 Bcf withdrawal of natural gas from L48 underground storage. The typical delivery for this report is 36 ±10 Bcf. As of last Friday, March 17th, storage fell to 1.901 Tcf, i.e., 0.001 Tcf below the EIA's end-of-season forecast. The average delivery through the end of this month is 25 ±23 Bcf. Up through this point in the current EIA week, gas demand for electricity is 4% lower week-over-week (21% higher year-over-year), but gas furnace demand is stout in the all-important Midwest. Based on this metric there is a 50% probability we will end this season above 1.860 Tcf.