



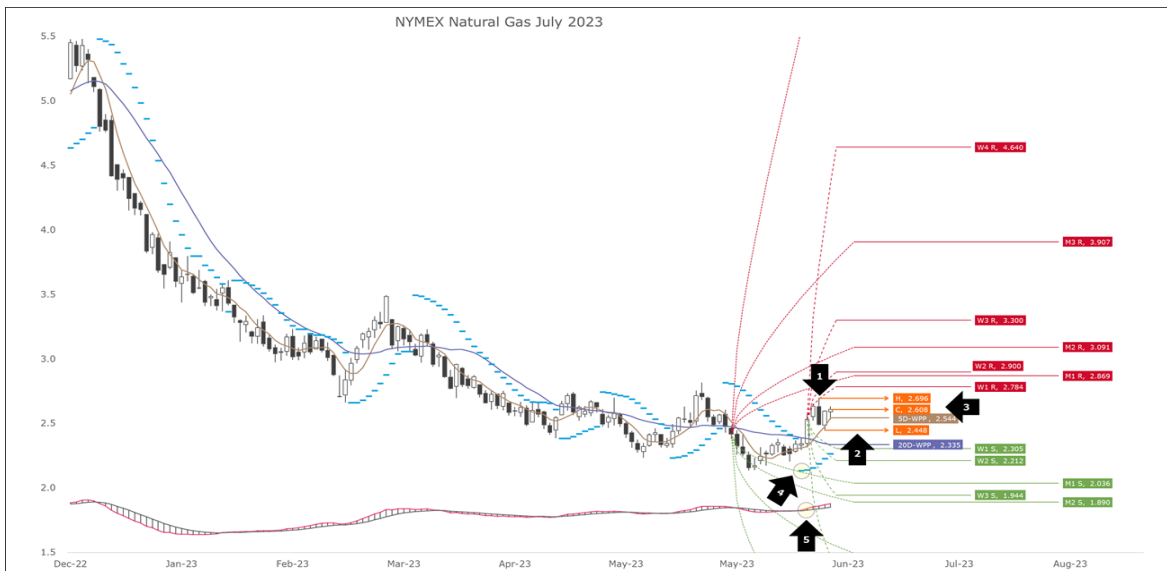
Not Even Texas Can Stem the Flow of Molecules into Storage

Despite significant heat this week in Texas, next week's update on L48 underground natural gas storage is expected to be solid. The seasonal norm for this report is a 72 ±21 Bcf injection (addition), whereas the early consensus on Reuters ranges from 92 Bcf down to 69 Bcf. Thus, the consensus is expecting at a minimum, a normal report.

The NYMEX Henry Hub July market posted another constructive week for bulls. The contract peaked on Tuesday at \$2.696 (arrow 1), bottomed on Wednesday at \$2.448 (arrow 2), and settled today at \$2.608 (arrow 3), up \$0.075 on the week.

Our two favorite technical indicators, MACD and Parabolic SAR, flipped bullish two weeks ago. Therefore, **we will keep our bullish bias for a second straight week.**

Looking ahead to next Wednesday's, June 28th, expiry in the July contract, based on today's \$2.608 settlement our four weekly upside targets are \$2.853, \$2.967, \$3.356, and \$4.643. Our support levels are \$2.384, \$2.292, \$2.027, and \$1.465.



L48 storage... Injections are stronger than ever!

Today the EIA reported the eleventh injection of gas into L48 underground storage. A total of 95 Bcf was added. The typical injection for this update is 79 ±23 Bcf. This season-to-date injection is up to an impressive 899 Bcf, 112 Bcf (14%) greater than a year ago, 64 Bcf (8%) above the interpolated five-year mean, and 103 Bcf (13%) above the base case in our seasonal time series analysis. As of last Friday, June 16th, storage rose to 2.729 Tcf. We are about a third of the way through the season and the market has already replaced half of last winter's delivery.