



What Goes Around, Comes Around

Last Thursday, NYMEX gas spiked in response to a normal update from the EIA on L48 underground natural gas storage. Today, the market tanked despite the EIA reporting an abnormally low addition to storage.

The contract for August delivery peaked last Friday at \$2.786 (arrow 2). Today, as the August contract expired, the market tumbled to within \$0.015 of our \$2.448 second weekly support target at \$2.463 (arrow 1) and went off the board at \$2.492 (arrow 3).

Our two favorite technical indicators fell back in line today. The Parabolic SAR flipped bearish (arrow 4) as did the MACD (arrow 5). Given that these two are in sync, we will switch our neutral bias to bearish.

Looking ahead to next Thursday (August 3rd) for the September futures contract, based on today's \$2.595 close, our four weekly upside targets are \$2.780, \$2.864, \$3.146, and \$4.031. Our support levels are \$2.423, \$2.352, \$2.141, and \$1.670. The new monthly targets on upside are \$3.007, \$3.206, \$3.921, and \$6.675. On the downside, we are looking at \$2.239, \$2.101, \$1.717, and \$1.009.



L48 storage... the first meager addition of the season.

Today the EIA reported the 16th injection of gas into L48 underground storage. A scant 16 Bcf was added, which is the smallest injection to date. The typical injection for this update is 37 ±11 Bcf. The season-to-date injection is up to a substantial 1.157 Tcf, 123 Bcf (12%) greater than a year ago and 78 Bcf (7%) above the base case in our seasonal time series study. As of last Friday, July 21st, storage rose to 2.987 Tcf. We are halfway through the season and the market has replaced 64% of last winter's delivery.