HENRY HUB NG FUTURES

THE SCHORK GROUP, INC.

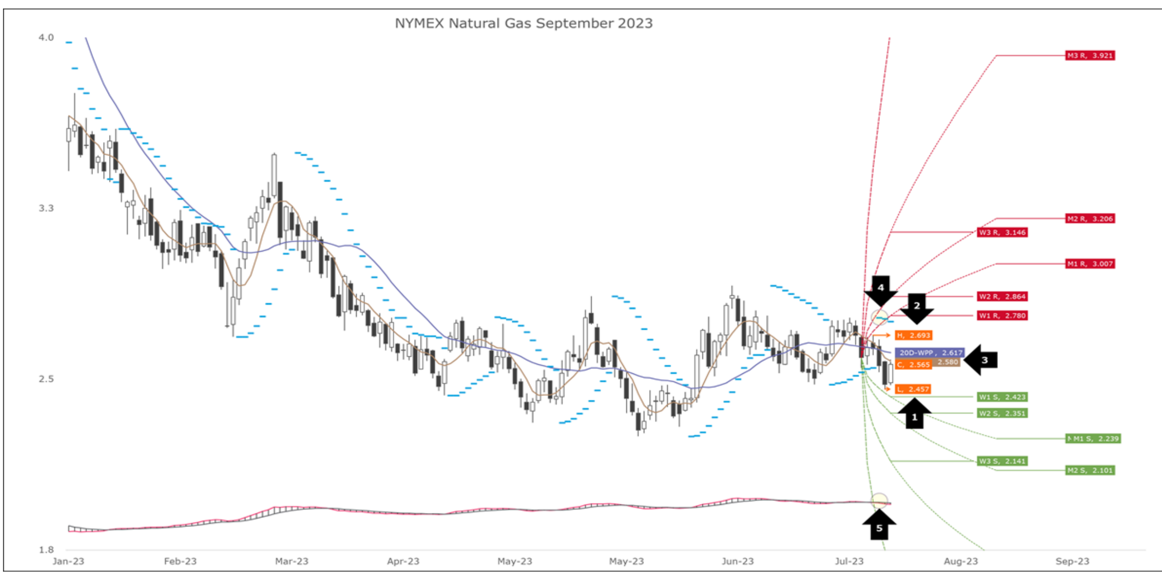
The Vagaries of Trading NYMEX Gas

NYMEX gas tanked through the first three days of this week but responded today following a bullishly construed weekly storage update from the EIA. A week ago, the NYMEX Henry Hub futures collapsed despite an abnormally low update from the EIA of 16 Bcf. Today, the market rallied on an abnormally low update of 14 Bcf. Such is the vagary of the natural gas market.

The contract for September delivery peaked at the start of this week at $2.693 (arrow 2), bottomed yesterday at $2.457 (arrow 1) and finished today just below the five-day weighted pivot price ($2.580) and the 20-day weighted pivot price ($2.617) at $2.565 (arrow 3).

Our two favorite technical indicators, Parabolic SAR (arrow 4) and MACD (arrow 5) are each bearish. Therefore, we will hold our bearish bias for a second week.

Looking ahead to next Thursday (August 10th) for the September futures, based on today's $2.565 close, our four weekly upside targets are $2.742, $2.822, $3.092, and $3.933. Our support levels are $2.400, $2.331, $2.128, and $1.673. The 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 second meager addition of the season.

Today the EIA reported the 17th injection of gas into L48 underground storage. A scant 14 Bcf was added, which is the smallest injection to date. The typical injection for this update is 38 ±11 Bcf. The season-to-date injection is up to a substantial 1.171 Tcf, 96 Bcf (9%) greater than a year ago and 56 Bcf (5%) above the base case in our seasonal time series study. As of last Friday, July 28th, storage rose to 3.001 Tcf. We are now halfway through the season and the market has replaced 65% of last winter's delivery.