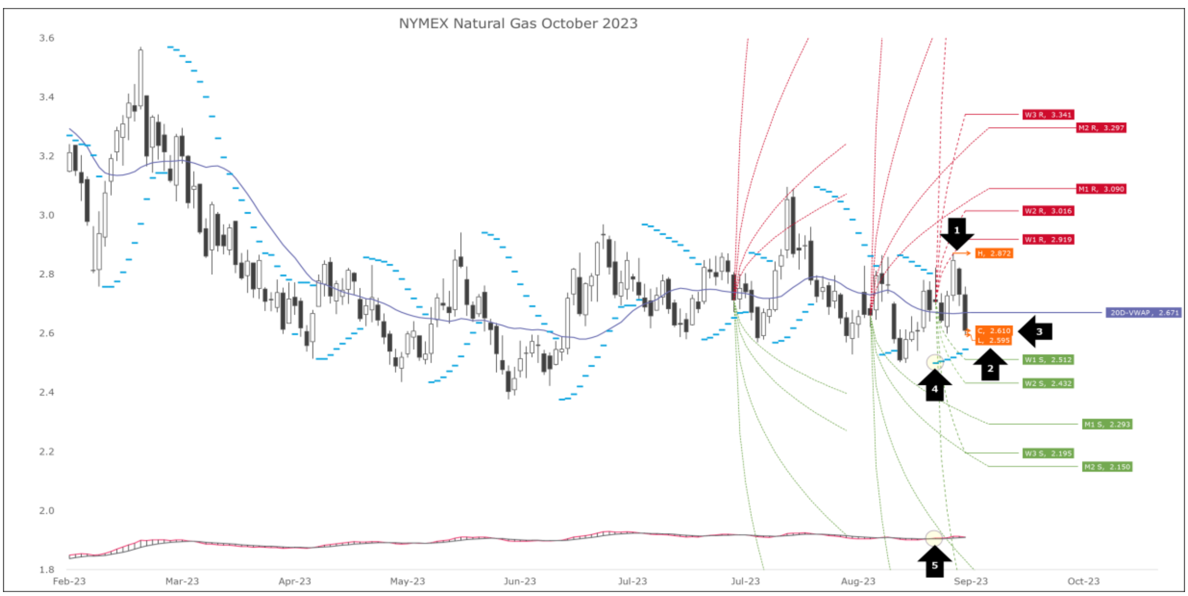
Can't Keep a Good Market Up

As has been the theme this year in the NYMEX natural gas market, a brief rally was followed by a sharp turnaround. The contract peaked earlier this week at a five-week high of $2.872 per MMBtu (arrow 1) but dropped from there to today's $2.595 low (arrow 2) and $2.610 settle (arrow 3).

Our two favorite technical indicators, the Parabolic SAR (arrow 4) and the MACD (arrow 5) have been whipsawing virtually every week in between bullish and bearish. **Given the lack of trend in the current market, we will keep the bias at neutral for a third week**.

Looking ahead to next Thursday (September 28th) the October futures expire on Wednesday (the options expire on Tuesday) so we will switch to the November futures. Based on today's $2.840 close, our four weekly support levels are $2.675, $2.606, $2.401, and $1.935. Our resistance levels are $3.015, $3.095, $3.359, and $4.169. The new monthly targets (good through next Wednesday's roll) are $2.717, $2.580, $2.191, and $1.423 for support, and $3.451, $3.634, $4.279, and $6.587 for resistance.



L48 Storage… back-to-back normal injections.

Today the EIA reported the 24th injection of gas into L48 underground storage. A net of 64 Bcf was added last week. Based on our seasonal models, for this time of the year we would expect an injection of 81 ±22 Bcf. Therefore, a 64 Bcf report is normal. As of Friday, September 15th, storage rose to 3.269 Tcf. The early consensus on The Desk for next Thursday's report is around a 90 Bcf injection. The typical injection for this time of the year is 83 ±24 Bcf. Thus, as long as this report comes in between 59 Bcf and 107 Bcf, it will be normal.