

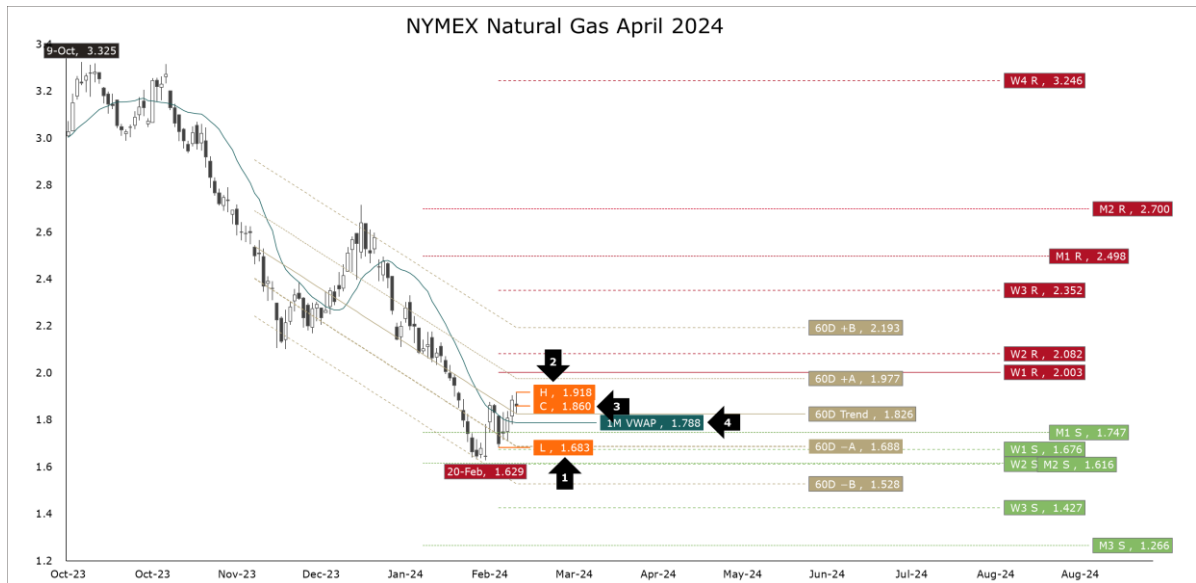


Is It That Time of Year Already?

As noted in today's [Market View](#), today marked the end of the meteorological winter. As is tradition, contrarians typically take this occasion to start buying gas in an attempt to spark a counter-seasonal rally through the shoulder months. So, be prepared. Spring Training, Tax Day, and Counter-Seasonal rallies in NYMEX gas are routine shoulder-month events.

At the end of last week, NYMEX gas for April delivery bottomed 5 ticks below our \$1.688 innermost support limit in the 60-day channel at \$1.683 (arrow 1). Earlier this week, the contract rallied through the \$1.788 VWAP (arrow 4) and the 60-trend of \$1.826. Today, gas peaked at \$1.918 (arrow 2) and settled at \$1.860 (arrow 3). Our two favorite technical indicators—Parabolic SAR and MACD—are both bullish. Therefore, we will (sheepishly) shift our bias from bearish to bullish.

As far as the next five days go, based on today's \$1.860 settlement, the support levels are \$1.675, \$1.600, \$1.387, and \$0.949. The resistance levels are \$2.066, \$2.162, \$2.495, and \$3.644. The respective targets for the month are \$1.483, \$1.360, \$1.037, and \$0.507 for support, and \$2.205, \$2.403, \$3.151, and \$6.447 for resistance. The trend in the bearish 60-day channel is \$1.760, with lower limits of \$1.531, and \$1.277, along with upper limits of \$2.022 and \$2.413.



L48 Storage... Normal is not good enough!

Today, the EIA reported a normal delivery out of L48 underground storage. For the week ending February 23rd, 96 Bcf of natural gas was withdrawn. The typical delivery for the third week in February is 107 ± 24 Bcf. Today's report was the first time since January 26th a normal amount of gas was withdrawn. In the three prior reports, a mere total of 189 Bcf was delivered. We are about four-fifths of the way through the season and storage is a hefty 2.374 Tcf. Given the warmth in the [forecast](#) for the middle of March, we calculate a 71% probability (odds 2:5) that storage will finish the season above 2.0 Tcf!