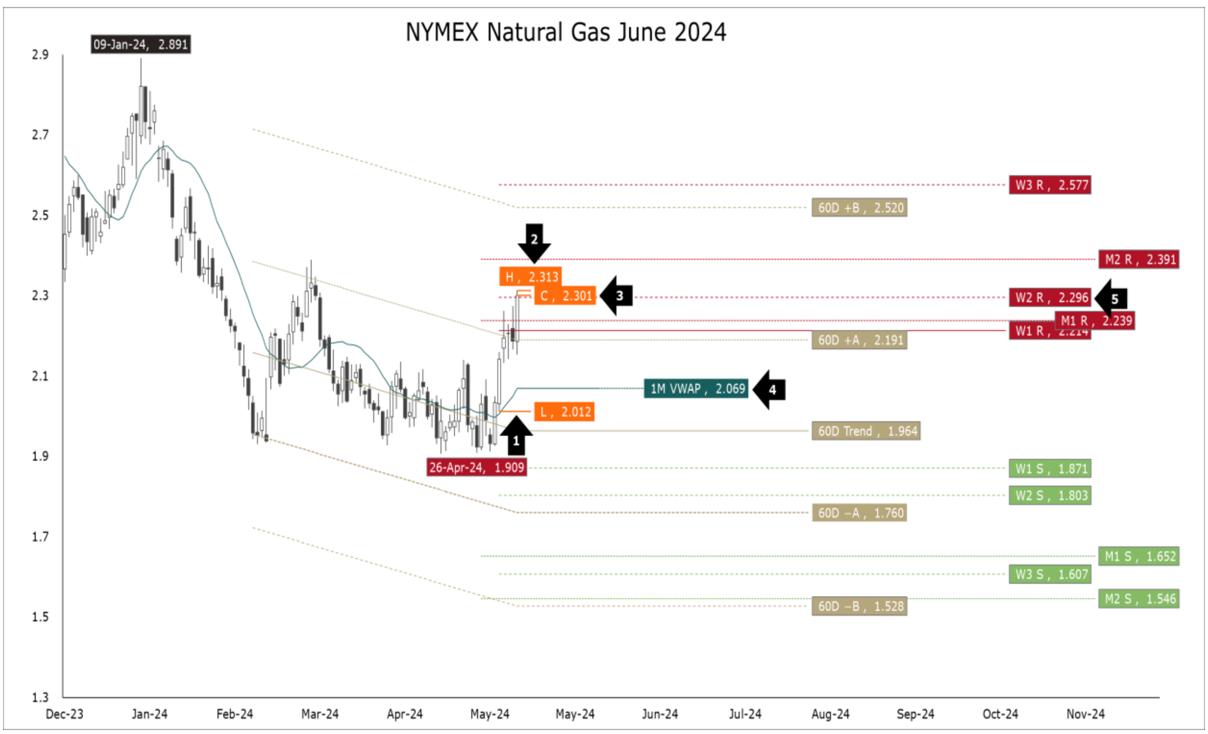
Gas Bulls are on a Tear!

At the end of last week, NYMEX natural gas futures for spot delivery (June 2024), bottomed just above the one-month volume-weighted average price (arrow 4) at $2.012 per MMBtu. Through the first four days of this week, the contract rallied through various resistance points. Today the market peaked at a nine-week high of $2.313 (arrow 2) and closed 5 ticks above our $2.296 second weekly resistance target (arrow 5) at $2.301 (arrow 3).

Our two favorite technical indicators—Parabolic SAR and MACD—are both bullish. Therefore, we will change our four-week-old neutral bias to bullish.

As far as the next five days go, based on today's $2.301 settlement, the support levels are $2.116, $2.040, $1.818, and $1.343. The resistance levels are $2.503, $2.596, $2.912, and $3.943. The first three monthly resistance targets are $2.239, $2.391, and $2.944. The trend in the bearish 60-day channel is $2.023 with upper limits of $2.278 and $2.650.



Natural gas storage.... L48 injection is lower for a second straight week.

For a second straight week, the EIA reported a smaller-than-normal addition to L48 underground storage. For the week ending May 3rd, 79 Bcf of natural gas was injected. The report came in on the lower end of the consensus forecast. To date, 304 Bcf has been added which is a solid start. At most, we would expect a 331 Bcf injection. As of last Friday, storage stood at a comfortable 2.563 Tcf, exceeding last year's level by 422 Bcf and surpassing the midpoint in our model's time series study by a staggering 589 Bcf!

