



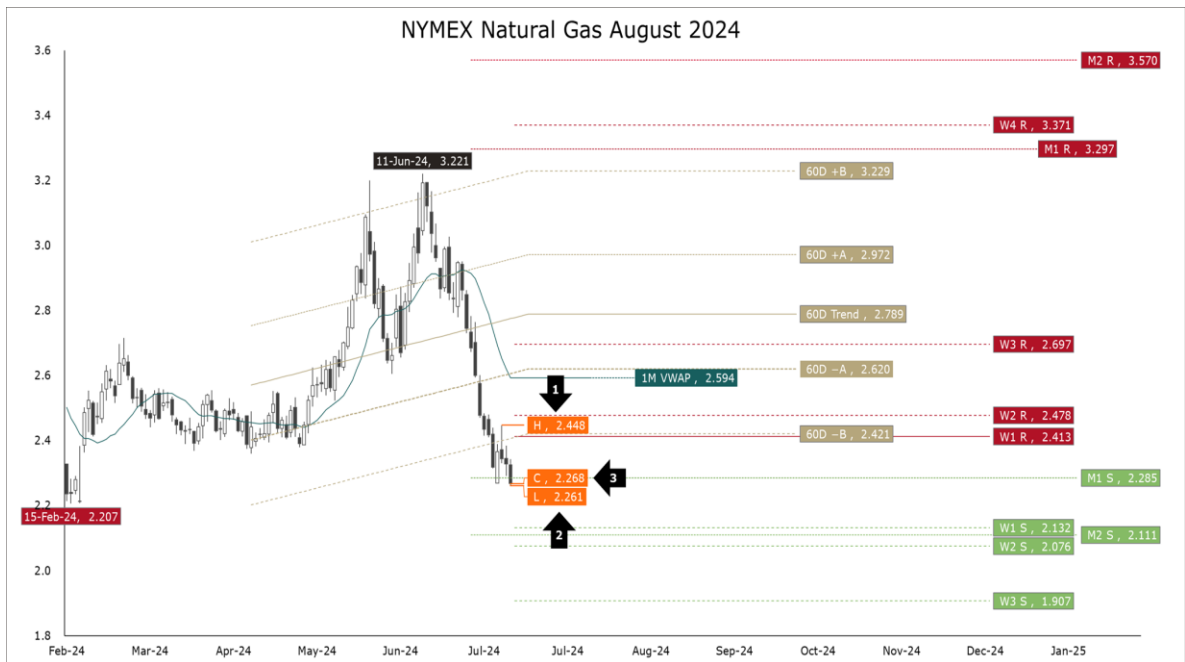
## Who Had \$2 Gas on their Bingo Card?

August NYMEX natural gas futures kicked off the new month where the July contract left off... in the doghouse. Earlier this week, August natty peaked at \$2.448 per MMBtu (arrow 1) but finished today below our initial support for this month (\$2.285) at a \$2.261 low (arrow 2) and a \$2.268 settle (arrow 3).

Our two favorite technical indicators—Parabolic SAR and MACD—are bearish. **Therefore, we will maintain a bearish bias for a second week.**

As far as the next five days go, based on today's \$2.268 settlement, the support levels are \$2.132, \$2.076, \$1.907, and \$1.526. The resistance levels are \$2.413, \$2.478, \$2.697, and \$3.371. The first two monthly support/resistance targets are \$2.285 and \$3.297. Our second support level for this month is \$2.111.

Finally, options traders are currently pricing in a 2½% probability (odds 40:1) that August gas will settle next Thursday below \$2.000, along with an 11% probability (odds 8:1) that the contract will expire below \$2.000.



### EIA reports normal natural gas injection.

Today, the EIA reported a normal addition of natural gas into L48 underground storage. For the week of July 5<sup>th</sup>, inventories rose by 65 Bcf to 3.097 Tcf. We typically see an injection of 63 ± 16 Bcf for this report. This season's additions are up to 940 Bcf, a meager amount given that the seasonal norm is 1.094 Tcf, while last year's injection was 1.051 Tcf. Yet, because of the massive surplus in gas after the end of last winter, 60% of last winter's delivery has been replenished and we still have about 18 weeks left in the season.