



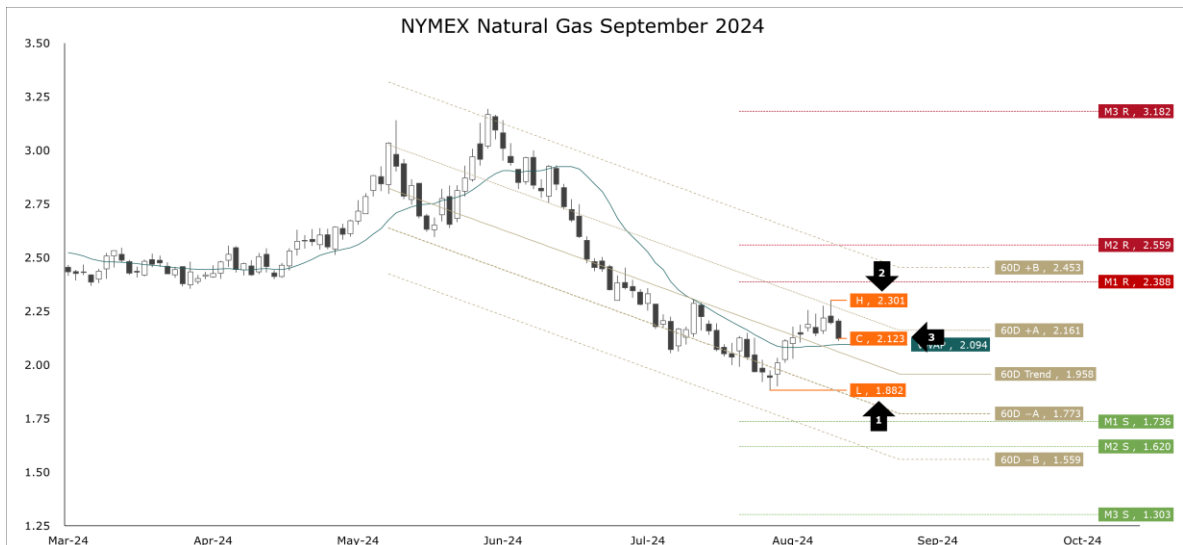
A Weak Fundamental Market

At the end of last winter, L48 storage peaked at a 592 Bcf surplus to our storage model and the backwardation on the Mar-25/Apr-25 NYMEX time spread (the final spread of the 2024-25 winter) entered spring at +\$0.196 per MMBtu. Last week, the backwardation sank to a season-to-date low of +\$0.140 per MMBtu! **Falling backwardations on seasonal spreads are the definition of weak fundamentals.**

September NYMEX natural gas turned prompt on July 30th, the contract bottomed at \$1.882 per MMBtu (arrow 1), peaked last week at \$2.301 per MMBtu (arrow 2) and finished last Friday in between our first upper bound (60-D +A, \$2.161 per MMBtu) of the 60-D trend and the trend itself (\$1.958 per MMBtu) at \$2.123 per MMBtu (arrow 3).

Our two favorite technical indicators—Parabolic SAR and MACD—are bullish but of tacking neutral. **Therefore, we will switch our one-week-old bullish technical to neutral.**

As far as the remainder of the month goes, based on the July 29th settlement at \$1.965, the support levels are \$1.736, \$1.620, \$1.303, and \$0.733. The resistance levels are \$2.388, \$2.559, \$3.182, and \$5.658. The trend in the 60-day channel is \$1.958, with an upper bound of \$2.161 and \$2.453. The lower bounds are \$1.773 and \$1.559.



Unusual Summer Gas Withdrawal: L48 Storage Falls by 6 Bcf in August!

For the week of August 09th, L48 underground natural gas storage fell by 6 Bcf to 3.264 Tcf. **This is only the fourth time on record that the EIA reported a summer delivery.** The three other deliveries occurred on July 21st, 2006, with a 7 Bcf withdrawal, August 04th, 2006 with a 12 Bcf withdrawal, and July 29th, 2016, with a 6 Bcf delivery. The typical refill for early, to mid-August is 44 ± 11 Bcf. This season's addition fell (!) to 1.005 Tcf which is significantly below the seasonal norm of 1.304 Tcf. At this time last year, the injection was 1.235 Tcf, 230 Bcf higher.