HENRY HUB NG FUTURES

THE SCHORK GROUP, INC.

Mother Nature Gives a Boost to Gas Bulls

NYMEX Henry Hub March 2025 futures bottomed last Friday at $2.990 (arrow 1). The market is strong this week as weather forecasts are calling for a significant drop in temperatures by the middle of the month. The market gapped this week above our inner support of the 60-day envelope (60D -A, $3.083) and smashed through the VWAP ($3.305 as of last Thursday). Today, gas peaked at $3.434 (arrow 2) and finished at $3.408 (arrow 3).

On the technical side, the Parabolic SAR flipped bullish today and the Slow Stochastic turned bullish earlier this week. The MACD is still bearish. With this week's pop, the market is now above the 20-day exponential moving average ($3.3261) and the VWAP ($3.324 as today) and is within hailing distance of the Fibonacci 62% retracement at $3.477.

For the week ahead, the next level of resistance above the Fibonacci 62% retracement is the 60D trend ($3.507 as of next Thursday). If you are long, hold unless support at the VWAP ($3.324) fails.

EIA reports normal storage withdrawal; inventories are weak.

Today the EIA reported the twelfth delivery of the season. As of Friday, January 31st, storage fell by a normal 174 Bcf t 2.397 Tcf. The season-to-date delivery is 1.575 Tcf which is 440 Bcf greater than a year ago, 289 Bcf greater than the five-year mean, and 104 above the seasonal time series study. As a percentage of working capacity, inventories have fallen by 33.28 percentage points (3,328 basis points or bps) since the start of the season, dropping to 50.65%. On this basis, current inventories are 395 bps lower than a year ago when stocks were at 54.60% of capacity, 154 bps below the five-year mean of 52.18%, and 283 bps lower than the seasonal norm of 53.48%. Relative to these benchmarks, current inventories are weak.