Refills Roar, But Gas Prices Climb

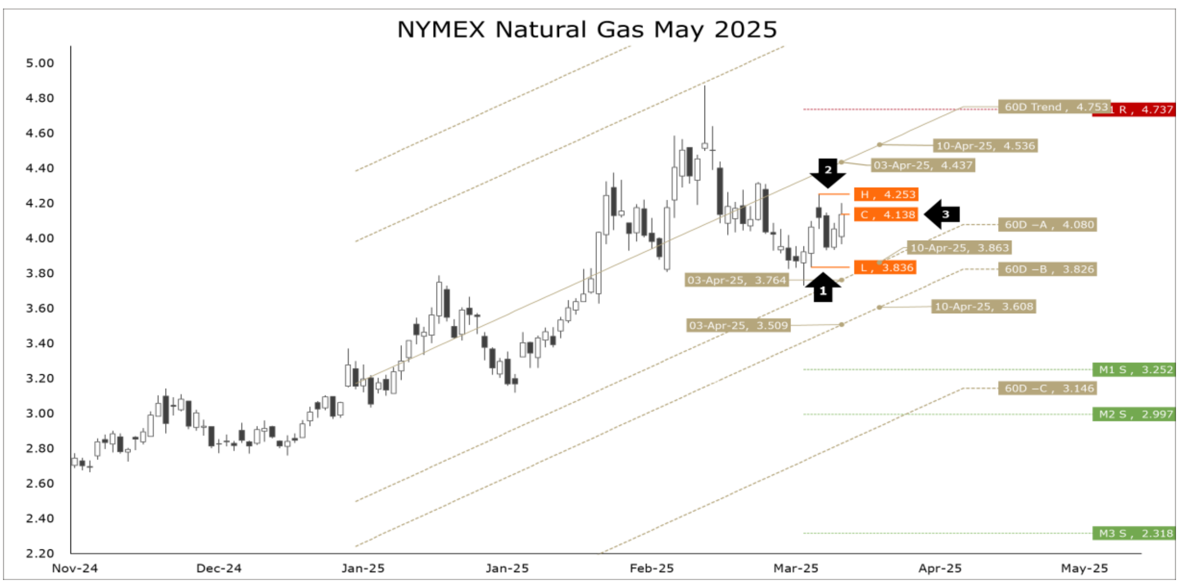
Spring has arrived and refills are off to one of the strongest starts on record. Nevertheless, NYMEX gas continues to forge higher.

Last week we noted that gas bulls must exit their positions if the market failed to hold support inside of “The Box”, aka the Fibonacci 50%/62% retracement range from $4.033 to $3.818. In hindsight, the bulls survived to fight another week. Last Friday, on the roll to the May 2025 contract, the market bottomed at $3.836 (arrow 1). At the start of this week the market rallied to $4.253 (arrow 2) and settled today at $4.138 (arrow 3).

Our preferred technical indicators are mixed. The Slow Stochastic flipped bullish at the end of last month and the Parabolic SAR turned bullish earlier this week. The MACD has been bearish since early March. Furthermore, the market is now trading between two key Volume Weighted Average Prices (VWAP) from $4.035 and $4.143.

For the week ahead, gas bears must exit positions if resistance at the higher VWAP of $4.143 fails. For consumers looking to hedge, our first entry point begins in the area between our inner and middle lower envelopes in the 60-day trend from $3.863 to $3.608.

Stay sharp. Hedge with confidence.



Refills season begins with standout early volumes.

Today, the EIA reported the third addition of the season. As of Friday, March 28th, L48 natural gas storage rose contraseasonally by 29 Bcf to 1.773 Tcf. The normal move for the final week of March is a delivery of 7 ± 31 Bcf. Injections started on the second week of March, tying this year with the 2012 season for the earliest start to refills. To date, a total of 75 Bcf of gas has been added to storage, the third highest total on record, 36 Bcf below the record which was set in 2020, when Covid mitigation diktats shuttered the global economy, and 28 Bcf below 2012.