

Natural Gas Daily Update Wednesday 19th July 2023

Natural Gas Fundamentals:

Natural Gas opened the week at 2.545 and jumped 1.5% to 2.578 as traders reacted with a measure of optimism to a report released late Friday that showed US rigs drilling for gas declined for the 10th week out of the last 11, which could lead to reduced supply later in the year. That positivity was short lived however, as news of completed maintenance at a large Norwegian processing plant hurt sentiment sending prices to the low of the week so far at 2.484, an area where there is a measure of technical support (**See TA Update Below**).



Since then prices recovered strongly on Tuesday hitting a high at 2.644, a rally of 5%, as buyers were encouraged by the release of a much anticipated monthly EIA drilling report which reinforced the view that US natural gas production could have finally peaked at record highs and may even decline over the next few months. This news was further supported by a warning from the International Energy Agency (IEA) that said despite Europe's gas storage being well above the 5 year average it may not be enough to sustain demand if there was a cold winter and Russia fully halted gas supplies to Europe. **Looking forward**, the next key data point to focus on will be **tomorrow's weekly EIA Gas Storage Change released at 1530 BST**, where traders will react to anything supporting further gains or reasons for falls back to weekly lows.

Natural Gas Technicals:



Daily Technicals:

Latest attempts at upside failed at 2.9320 (June 26th high), well below 3.024 (Mar 5th high) and a setback has materialised. This decline has seen closes below the Bollinger mid-average (2.676), reflecting potential for price failure and deeper sell-off risk. Next support is 2.455 (62% retrace June upside) and if this gives way towards 2.137 (Jun 4th low).

To the upside, breaks of 2.676 (Bollinger mid-average) are required to resume scope towards 2.824 (July 2nd high) then 2.932 (Jun 26th extreme).

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