

Natural Gas Daily Update

Wednesday 14th February 2024

Natural Gas Fundamental Analysis:

Natural Gas has fallen to fresh 42 month lows at the start of this week as traders reacted to weekend forecasts for warmer than expected temperatures across Europe and the US moving into early March which could reduce heating demand. After opening the week at 1.789, a gap open fall of 3.7% from Friday's closing level of 1.859, Natural Gas recovered briefly to print a weekly high at 1.860 on Monday afternoon before fresh selling pushed prices to the multi-year low at 1.652, where fresh dip buyers appeared again to nudge prices back higher.



Looking forward, while the technical outlook (**below**) remains an important consideration for Natural Gas traders, sentiment will also hinge on fresh inventory updates from Europe and the US markets. Previous reports have suggested storage levels currently sit around 10% higher than their seasonal averages for this time of year so any deviation up or down in the new readings could influence prices into the weekend. **The EIA release their weekly inventory update on Thursday at 1530 GMT.** Finally, with excess supply a concern for traders, the **Baker Hughes report on active US drilling rigs released at 1800 GMT Friday** could also impact the direction of Natural Gas prices after it rose to a 5 month high of 121 rigs last week.

Natural Gas Technical Analysis:



Daily Analysis:

The aggressive sell-off since 3.389 (Jan 9th high) has now produced breaks below 1.944 (April 16th 2023 low) to post new extremes. This doesn't rule out reactive recoveries but there appears to be no evidence of a sentiment shift while 1.851 (38% retrace Jan 31st to Feb 13th sell-off) remains intact. While below 1.851 there is potential to test down to 1.526 (lower daily Bollinger band). Even if breaks above 1.851 are seen, upside appears limited to 1.972 (higher 62% level).

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