



N.Y. Natural Gas Futures May Rally Above \$4: Technical Analysis

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By Reg Curren

May 4 (Bloomberg) -- Natural gas futures will probably move above \$4 in coming weeks as prices near a six-year low signal a rally, according to a technical analysis by **Chris Jarvis**, president of Caprock Risk Management LLC.

Natural gas futures tumbled to \$3.155 per million British thermal units on April 27, the lowest since Sept. 5, 2002, amid speculation that supplies will overwhelm demand from factories and power plants for most of 2009.

"People look at this market technically as being extremely oversold," said Jarvis, who is based in Hampton Falls, New Hampshire. "Gas is pretty washed out on the downside."

Jarvis expects gas to break through an area of congestion between \$3.60 and \$3.80 per million Btu and then trend to \$4.38 over the next six to eight weeks.

Natural gas for June delivery rose 17.3 cents, or 5.1 percent, to \$3.546 per million Btu on May 1 on the New York Mercantile Exchange. When gas reached \$3.155, it marked a peak- to-trough decline of 77 percent from the 2008 high of \$13.694 per million Btu on July 2.

"We had one of the most violent moves ever for natural gas," Jarvis said. "On a technical standpoint you're looking at a market that has gone through a vicious down cycle. Once people put their foot down on the buy side it will move aggressively higher."

Technical traders monitor patterns on daily charts for clues to price direction, and may sell or buy based on those signals.

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