

THACKRAY SEASONAL TRADE

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Natural Gas— Starting its seasonal period

Natural Gas Positive Seasonal Trend— March 22nd to June 19th

Most investment pundits have a negative outlook for natural gas. To some degree, natural gas is being painted unfairly with the same negative broad brush as oil. Although there is a domestic supply relationship as natural gas is often a by-product of oil drilling, the markets are very different. First, the North American supply and demand is domestic and is not affected by international operations. Second, demand is driven by not only the heating seasonal, but unlike oil, it is also driven by the cooling season in the summer months.

Natural gas has two seasonal periods: an autumn period, which lasts from September 5th to December 21st and the spring seasonal period, which lasts from March 22nd to June 19th. In the spring seasonal period, natural gas inventories are being accumulated and the price variability depends on the rate of accumulation.

The spring seasonal period has been persistently strong from mid-March to mid-June, during both time frames of 1995-2004 and 2005-2014, as shown in Exhibit 1. Over the entire time period from 1995 to 2014, natural gas has been positive 70% of the time in March and April, positive 66% of the time in May and 40% in June (Exhibit 2). Although the average monthly gains in the spring seasonal period are not as great as the autumn seasonal period, the median gains in both periods are strong and the positive frequencies are greater in the spring seasonal period, except in June. Investors should note that natural gas has a tendency to be negative in the second half of June and should consider exiting the trade in the first half of the month or earlier if natural gas starts to weaken.

Natural gas levels in storage are currently just below the five year average, as shown in Exhibit 3. Although the production of natural gas is high, rigs coming off-line should dampen future production.

Technical Assessment - Exhibit 4

Henry Hub natural gas spot price is currently just below its 50 day moving average. It is also just above its low set at the beginning of February 2015 which is acting as support. Resistance is approximately \$3.20 and if natural gas is able to break above this level, it will be a bullish development with the next major resistance level of resistance at \$4.00.

Overall, natural gas is shaping up for a positive start to its seasonal period.



Exhibit 1: Natural Gas average yearly seasonal trend



Exhibit 2: Natural Gas Avg/Median/Fq. Pos. (1995-2014)

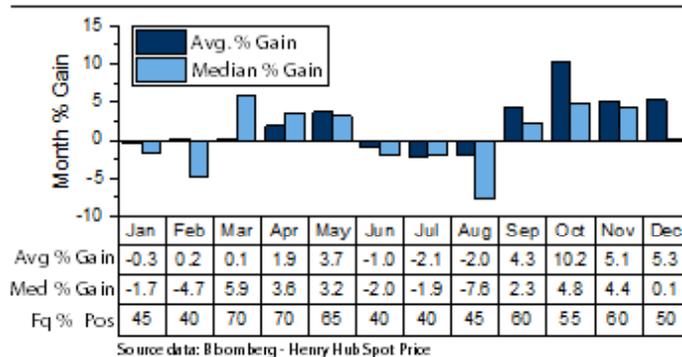


Exhibit 3: Working Natural Gas Storage Lower 48 States

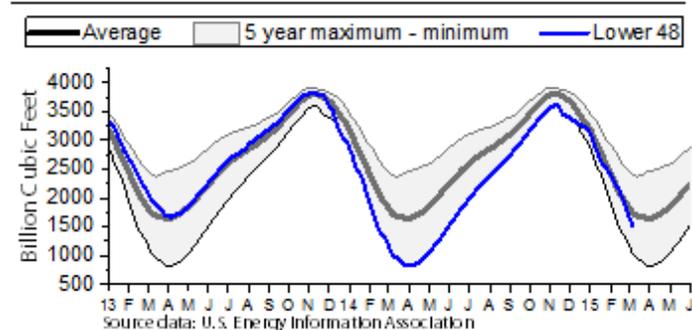


Exhibit 4: Natural Gas Technical Chart



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