



Natural Gas – A Special Technical Report

10th March, 2010



MCX NATURAL GAS : Technical Outlook

Natural Gas prices have been in a Bearish mode since making an important high of Rs.281.60 witnessed in December 2009. Since then, prices have witnessed a sharp fall and have not been able to bounce back, down by almost 28% to currently trade around 200 - 210 levels.

On the Daily charts, Natural Gas prices are closing below its 5, 20 and 65 day SMA. Also, it is trading below its 10 day EMA. On the daily chart, Moving Averages are clearing indicating that prices fall substantially once prices close & consistently trade below the major trend line of 195 level as shown in the above chart. Daily MACD Histogram is in negative territory whereas 14-Day RSI is at 25 level showing that market is in oversold region. Hence, we could witness a temporary bounce back with the overall trend still remaining down if prices are unable to breach the 195 level on the downside.

MCX Natural Gas continues to trade with negative bias with most of the major technical indicators displaying good selling opportunity from a medium term perspective. A breakout below 195 will set the stage for next down side fall initially towards 170 and then finally to 138 levels. On the upside, 225 shall act as a major resistance & sustained trading above this level should set off alarm bells that shorts better cover their sell positions, indicating that a short term bottom has been posted.

Key Levels to Watch Out For:

Support 1- 195 Resistance 1- 225

Support 2- 140 Resistance 2- 240

Prepared by :

Abhishek Chauhan – Sr. Technical Analyst