

TRADING EDGE

29th July 2020

NATURAL GAS AUG

NYMEX NATURAL GAS FUT

MCX NATURAL GAS AUGUST

Recommendation

Symbol:
NATURALGAS AUG

Entry Point:
138.70

Target:
175.00

Stop loss:
119.00

Risk Reward:
1: 1.85

Technical Triggers

Daily DI+ (14):
26.00

Daily ADX (14):
10.83



- ✓ Natural Gas prices have been in a consolidation mode since last few weeks and recent recovery from the lows is indicating that intermediate low might be in place for this energy commodity.
- ✓ First line chart is of NYMEX Natural Gas Futures suggests that prices have formed an “Inverse Head and Shoulder” pattern which is classic reversal pattern. The neckline of said pattern peg near 145. Higher side, target of such pattern comes near 175.
- ✓ MACD (12,26,9) suggests that the panic low formed during end of June 2020 was with positive divergence in MACD as said oscillator failed to make a new lows. Since then prices are in recovery mode and has broken its ‘Downward Sloping Trend line’.
- ✓ On MCX, prices exhibit the similar pattern. Directional movement indicators is showing that (DI+) has crossed above (DI-) and along with that the same ADX has started to turn higher which is at 10.83 levels at this point of time. Hence, any Move above 14.00 level will be a bullish indication.
- ✓ Looking at the overall structure it seems that prices are on verge of breakout from an “Inverse Head & Shoulder” pattern and confirmation of the same will be obtained above 145.00 levels. On downside 120 is the crucial support.
- ✓ Therefore, we recommend Buying Natural Gas August at CMP 138.70 with an upside price target of 175. Stop Loss should be placed at 119.00.

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TEAM

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