

15:24 31May2005 RTRS-TECHNICALS-Chartists eye a bottom in NYMEX natgas

By Joseph Silha

NEW YORK, May 31 (Reuters) - After two months of a steady downtrend that saw front-month natural gas futures on the New York Mercantile Exchange slump more than 20 percent, chart watchers say they are finally starting to see signs of a bottom.

"I think the market is setting itself up for a very good counter-trend rally. Volatility has declined to the lower end of its historical range over the last month, and we have seen divergences over the last week," said Dan Chesler, an independent market analyst in Florida.

Chesler also said that last week's action may have formed a bullish Hikkake pattern, a candlestick chart formation. The Hikkake, or false breakout after an inside day, occurred early last week and would be confirmed if the front-month July contract breaks above \$6.51, Chesler said.