



## The Bulls Own the NYMEX (... For the Time Being)

Today the EIA reported the 29<sup>th</sup> addition of natural gas into underground storage of the season. As of October 16<sup>th</sup>, a smallish 49 Bcf was injected. This report was undoubtedly impacted by disruptions to production and LNG shipments stemming from Hurricane Delta. The five-year average (interpolated) for this report is 75 Bcf and the seasonally adjusted injection is 63 ±20 Bcf. The consensus on the surveys from The Desk, Reuters, and Bloomberg were all in the low 50s Bcf; we were at 52 Bcf. Total underground storage for the Lower 48 climbed to 3.926 Tcf. Refills for this summer are rumbling down the home stretch and the market has replaced 111% of the gas that was delivered last winter.

For next week's report (EIA week ended October 23<sup>rd</sup>), the typical injection is 57 ±18 Bcf and the five-year average is 67 Bcf. Cleared futures on the ICE for this report are bid at 46 Bcf and offered at 49 Bcf. For the following week (October 30<sup>th</sup>), the bid is 35 Bcf, offer 41 Bcf, while for the next report (November 06<sup>th</sup>) the bid is flat, offer 6 Bcf.

**Markets that trade on these estimates notwithstanding, there is debate as to whether next week's EIA report will be the last injection of the season.** Of course, this just might be a function of bulls *talking their books*. Regardless, this wrangling warrants attention.

After some recent softness in the NYMEX 2020-21 Winter Strip, the bulls have steadied their ship over the last week as winter gas grew on average by 0.61% per session. On Wednesday, the strip posted a **52-week high** of \$3.315/ MMBtu.

The trend in the Summer Strip for 2021 has grown by 0.60% on average over the last week and the market peaked on Wednesday at a 52-week high of \$3.004/MMBtu. **As noted in the [Market View](#), this is the first time that Summer 2021 gas has traded above \$3.00/MMBtu since September 2016!**

### This strength shouldn't be ignored.

We have recently commented that the prospects of heading into this winter with a record amount of storage has set the table for weakness on the front-end of the NYMEX curve; however, this has yet to materialize. Over the last week, the premium on winter gas to Summer 2021 grew on average by 0.67% , peaking on Wednesday at seven-session high of \$0.311.