



## All Good Things Must Come to an End

Today, the EIA reported the first delivery of natural gas from underground storage of the season. As of October 30<sup>th</sup>, a massive -36 Bcf was withdrawn out of the L48. This delivery pulled storage down to 3.919 Tcf. Typical movement for the final week of October is a  $37 \pm 12$  Bcf injection, and the five-year mean (interpolated) is a 52 Bcf injection. Thus, last week's delivery was not only countercyclical, but it was also huge. To wit, the consensus on the survey from *The Desk* was a -29 Bcf delivery and the Reuters survey average was -26 Bcf delivery.

With cooling demand expected to dissipate, injections for this season are not necessarily over. The early estimates for next week's report ranges from a -20 Bcf delivery to a 5 Bcf injection. However, an injection of 5 Bcf appears overly enthusiastic. For instance, on the ICE, EIA futures are bid at a -30 Bcf delivery and offered at a -25 Bcf delivery.

Looking out to the subsequent report (week ended November 13<sup>th</sup>) the ICE market is bid at a -2 Bcf delivery, offered at an 8 Bcf injection. The report after this (week ended November 20<sup>th</sup>) is bid at a 5 Bcf injection, offered at a 42 Bcf injection!

Total underground storage for the Lower 48 started the heating season with 3.955 Tcf in the ground. This is a lot of gas but, it is short of the >4.0 Tcf record that appeared assured just a few weeks ago.

The NYMEX Summer Strip for 2021 has grown on average by 0.18% over the last two weeks. This market also peaked at **52-week high** of \$3.033/MMBtu at the start of this week. Summer gas is also now consistently trading above the \$3.000/MMBtu threshold for the first time since September 2016.

The strip for next winter (Winter 2021-22) has recently outgained the Summer 2021 strip, rising on average by 0.24% per day over the last two weeks. This market peaked at its own **52-week high** of \$3.236/MMBtu on Monday of this week.



## Sorry, gas bulls. You had your moment.

Gas for next summer and the following winter set new 52-week highs this week. These new peaks notwithstanding, market bulls are starting to show signs of exhaustion. Over the past two weeks, the discount (contango) on Summer 2021 gas to Winter 2021-22 has been growing on average by 1.06% and is now trading around levels (-\$0.213/MMBtu) not seen since the end of this summer.