

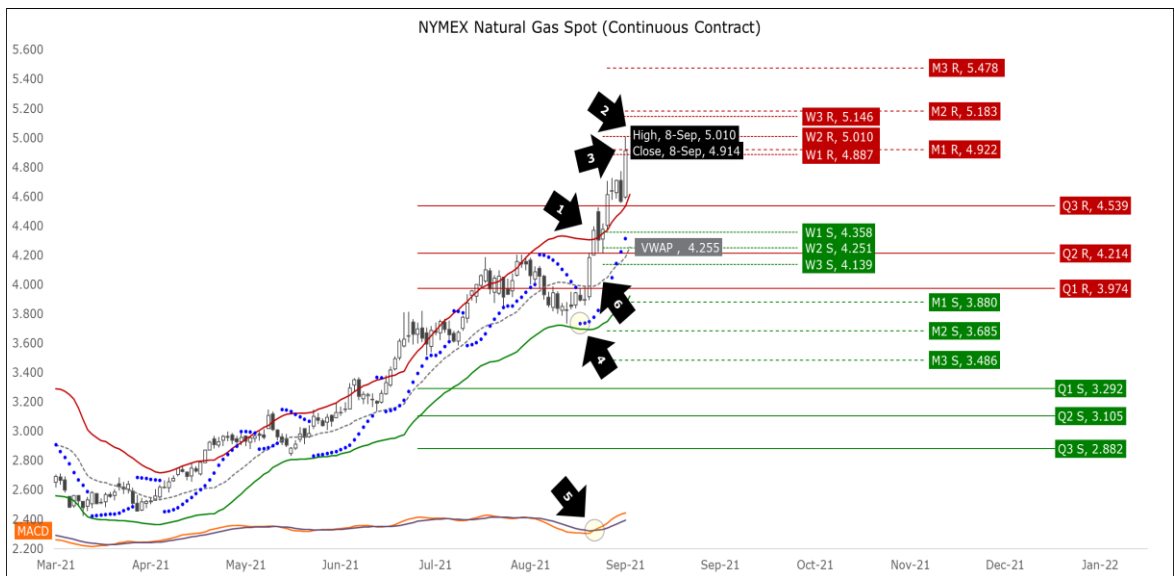


## The Sky is the Limit in NYMEX Gas

Two weeks ago, the market broke above our model's volatility-adjusted channel (arrow 1). Since then, the bulls have not looked back. This past Wednesday, NYMEX Henry Hub spot (continuous roll) breached the \$5/MMBtu threshold for the first time since July 2014, **peaking squarely on our \$5.010/MMBtu second resistance target for the week (arrow 2)**. The contract closed the last five-day trading bloc on Wednesday within 8 ticks of our initial resistance target for the month of \$4.922/MMBtu (arrow 3).

Our two favorite technical indicators are bullish. The Parabolic SAR (arrow 4) and the MACD (arrow 5) each flipped bullish in the final week of August. Additionally, the slope of the 20-day volume weighted average price or VWAP (arrow 6) veered bullish at the end of last month. **Bottom line, the market is in a strong technical rally.**

Looking ahead to next Wednesday, September 15<sup>th</sup>, per yesterday's \$4.914/MMBtu close, our weekly resistance levels are \$5.269/MMBtu, \$5.432/MMBtu, and \$5.611/MMBtu. The monthly targets, based on the August 27<sup>th</sup> settlement of \$4.370/MMBtu are \$4.922/MMBtu, \$5.183/MMBtu, and \$5.478/MMBtu. The weekly support targets are now \$4.582/MMBtu, \$4.446/MMBtu, and \$4.303/MMBtu. The monthly support levels are now \$3.880/MMBtu, \$3.685/MMBtu, and \$3.486/MMBtu.



### The EIA and the Ida effect.

Today, the EIA reported a reasonable injection of 52 Bcf into L48 natural gas underground storage. Stocks rose to 2.923 Tcf for the week ended September 3<sup>rd</sup>. The report came in well above the consensus; for example, the Platts' survey mean was 33 Bcf. Of course, the report was skewed by extant disruptions to Gulf of Mexico gas activities left in Ida's wake. Next Thursday's report will also be impacted by Ida; the early consensus is looking for a solid injection in the high 70s Bcf to low 80s Bcf. After today's report, the probability of ending this season above the EIA's recently revised forecast of 3.539 Tcf is 55%.