



## Gas Crashes Back to Earth

After surging out of Earth's orbit over the previous two weeks, NYMEX Henry Hub natural gas futures (continuous roll) regressed into the planet's gravitational pull over the last five sessions ended yesterday, September 22<sup>nd</sup>.

Last week, gas peaked at multiple eight-year highs, the latest occurring on September 15<sup>th</sup> at \$5.650/MMBtu

(arrow 1). Over the subsequent five sessions, the market crashed through the 20-day volume weighted average price (VWAP) of \$4.879/MMBtu (arrow 2) and bottomed out on Tuesday within 8 ticks of our model's third (and final) weekly support of \$4.727/MMBtu (arrow 3). The market closed yesterday at \$4.805/MMBtu.

Over this course, our two favorite technical indicators—the Parabolic SAR (arrow 4) and the MACD (arrow 5)—shifted bearish. Meanwhile, inside of eight sessions, NYMEX gas crashed from a \$0.762/MMBtu premium to the 20-day VWAP to a \$0.074/MMBtu deficit! **It is safe to say that the market's parabolic rise has run its course and we are now in the correction phase.**

Looking ahead to next Wednesday, September 29<sup>th</sup>, per yesterday's \$4.805/MMBtu close, our weekly resistance levels are \$5.222/MMBtu, \$5.415/MMBtu, and \$5.629/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 \$4.421/MMBtu, \$4.264/MMBtu, and \$4.102/MMBtu. The monthly support levels are now \$3.880/MMBtu, \$3.686/MMBtu, and \$3.486/MMBtu.



## Gas refills remain apace.

Today, the EIA reported a solid injection of 76 Bcf of gas into L48 underground storage. Stocks rose to 3.082 Tcf for the week ended September 17<sup>th</sup>. The report came in around the consensus which ranged from a 70 Bcf mean on Platts' survey to a 76 Bcf mean on the Bloomberg survey. The typical injection for next week is 74 ±22 Bcf. The early consensus is calling for a solid addition in the mid-80s Bcf. Storage is on trend to enter winter with 3.58 Tcf in the ground, 9.5% below last winter's starting balance.