



## The Death of the Gas Bull Has Been Greatly Exaggerated

Earlier this week, NYMEX October Henry Hub natural gas futures exploded higher on expiration: the contract rallied to its highest high print (\$6.280/MMBtu) since September **2011**, its highest low print (\$5.602/MMBtu) since August **2013**, and its highest settlement (\$5.841/MMBtu) since July **2013**.

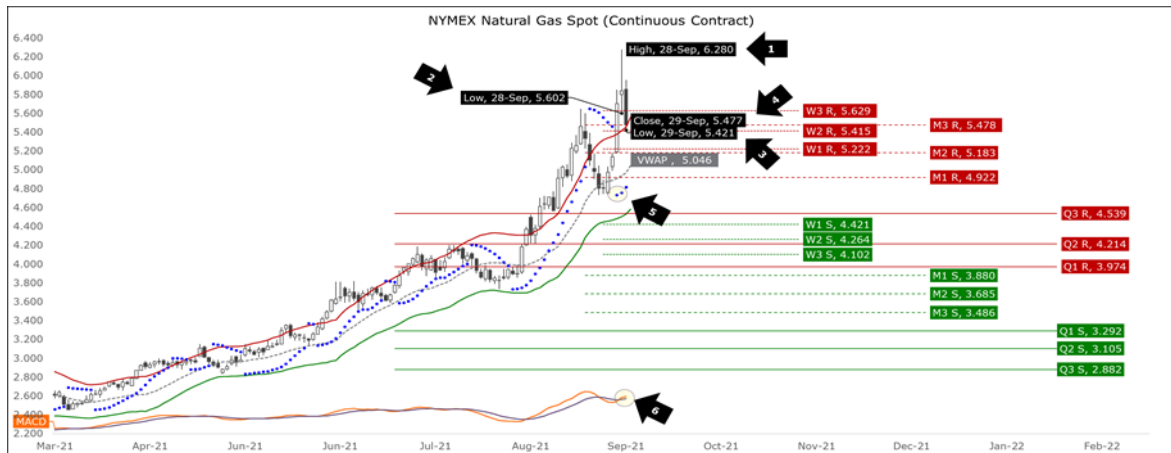
All of the market's strength was put in overnight trading when liquidity was thin (arrow 1). As U.S. traders began to wake, the market crashed to \$0.027/MMBtu below our initial resistance for the week of \$5.629/MMBtu (arrow 2) and rallied back on the final settlement to \$5.841/MMBtu.

On the following session—the first session with the November contract in the prompt—the market bottomed within \$0.006/MMBtu of our second resistance target for the week of \$5.415/MMBtu (arrow 3) and closed \$0.001/MMBtu below our third (and final) resistance for the month of \$5.478/MMBtu (arrow 4).

Our two favorite technical indicators—the Parabolic SAR (arrow 5) and the MACD (arrow 6)—whipsawed bullish. What's more, over the last week, NYMEX gas flipped from a \$0.074/MMBtu deficit to the 20-day VWAP to a \$0.433/MMBtu premium!

Looking ahead to next Wednesday, October 6<sup>th</sup>, per the September 29<sup>th</sup> close of \$5.477/MMBtu, our weekly resistance levels are \$6.063/MMBtu, \$6.336/MMBtu, and \$6.643/MMBtu. Our weekly support targets are \$4.948/MMBtu, \$4.734/MMBtu, and \$4.515/MMBtu.

Our monthly targets based on the August 27<sup>th</sup> settlement of \$4.370/MMBtu are resistance levels at \$4.922/MMBtu, \$5.183/MMBtu, and \$5.478/MMBtu, and support at \$3.880/MMBtu, \$3.685/MMBtu, and \$3.486/MMBtu.



## Gas refills make a late season push.

Today, the EIA reported a solid injection of 88 Bcf of gas into L48 underground storage. Stocks rose to 3.170 Tcf for the week ended September 24<sup>th</sup>. The report came in on the consensus. The typical injection for next Thursday's report is 74 ±22 Bcf. The early consensus forecast is calling for a massive injection that could top the 2011 record of 113 Bcf.