



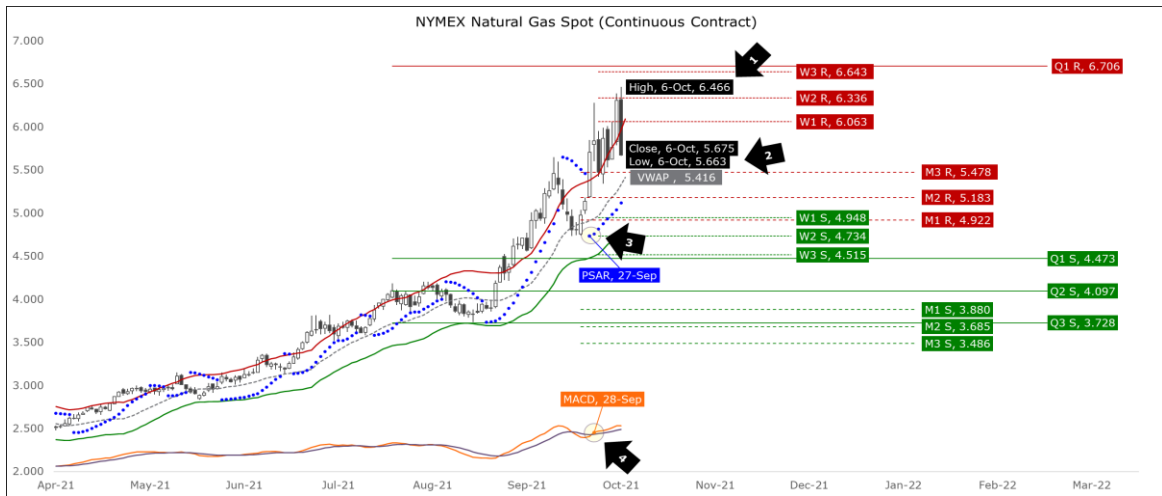
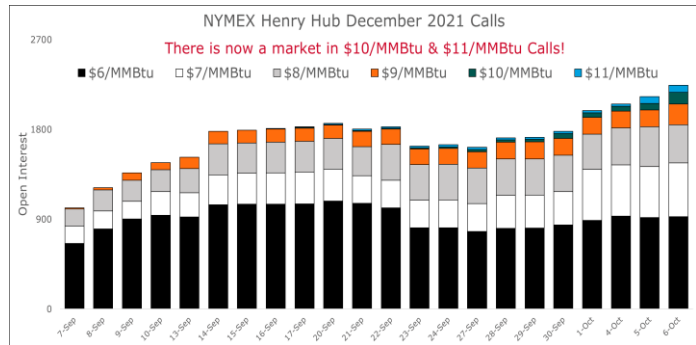
Market is Betting on Higher Prices

How concerned is the market regarding the extant rally? There is now an active market for \$10/MMBtu and \$11/MMBtu call options by year's end!

On Tuesday of this week, NYMEX Henry Hub natural gas futures for November (the first contract of the Winter 2021-22 strip) peaked at a life-of-contract high of \$6.392/MMBtu. Excluding the last eight sessions (i.e., since the end-of-September contract roll), Tuesday's low print of \$5.790/MMBtu was the highest high print in over eight years! Not to be outdone, on Wednesday the contract peaked at a new life-of-contract high of \$6.466/MMBtu (arrow 1). However, this time the market then crashed by 12.4% to a \$5.663/MMBtu low (arrow 2).

Our two favorite technical indicators—the Parabolic SAR (arrow 3) and the MACD (arrow 4)—flipped bullish at the end of last month.

Looking ahead to next Wednesday, October 13th, per the October 06th close \$5.675, our resistance levels are \$6.417, \$6.769, and \$7.168. Support targets are \$5.019, \$4.758, and \$4.493.



Gas refills making up for a weak summer.

Today, the EIA reported a record injection for the week of 118 Bcf into L48 underground storage. Stocks rose to 3,288 Tcf as of October 1st. The early consensus forecast for next week is calling for a substantial injection in the low 90s Bcf.