



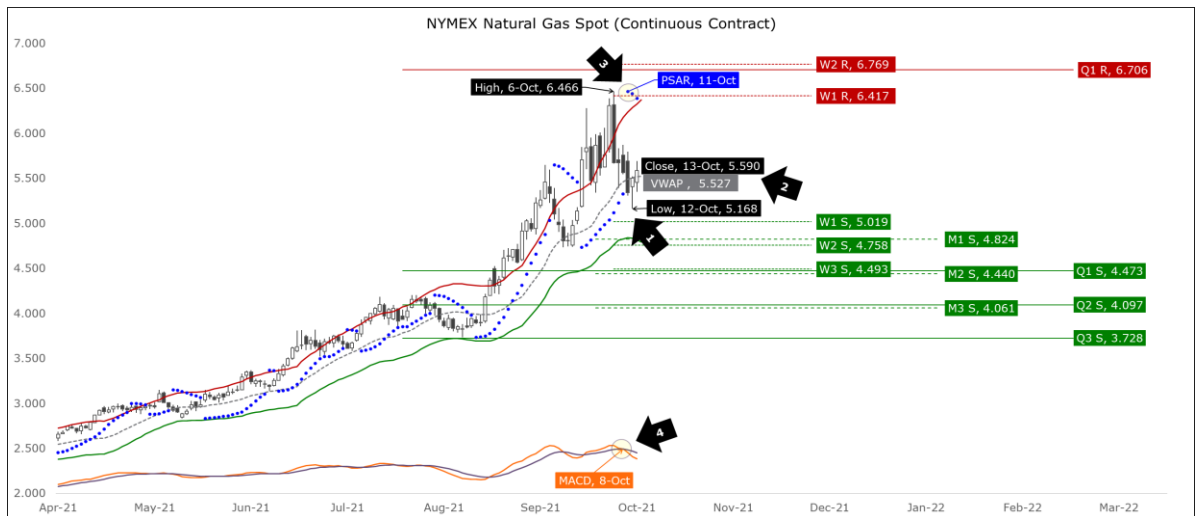
## \$20 Henry Hub? It's Not Farfetched!

Last week, open interest in the NYMEX Henry Hub December 2021 \$10/MMBtu call strike doubled and open interest in the \$11/MMBtu call strike trebled. At the same time, there is now a market in the March 2022 contract at the **\$20/MMBtu call strike!** Hmm, with the corresponding contracts in the U.K. (NBP), Europe (TTF), and Asia (JKM) all trading above \$30/MMBtu, \$20/MMBtu Henry Hub is relatively cheap.

As far as the last week at the Henry Hub went, the November contract on the NYMEX peaked at back-to-back life-of-contract highs of \$6.392/MMBtu and \$6.466/MMBtu. By Tuesday of this week, the market plunged to a \$5.168/MMBtu low print (arrow 1) for a peak-to-trough crash of 20.1% (\$12,980) per contract! The market rallied yesterday through the volume-weighted average price (VWAP) at \$5.527/MMBtu and closed at \$5.590/MMBtu (arrow 2).

Over the course of the week, daily volatility averaged 84.33%, which equates to an approximate one standard deviation daily price change of \$2,918/contract. In contrast, daily volatility on the CME micro-Bitcoin contract averaged \$2,597/contract. Despite the market's runaway strength, our two favorite technical indicators—the Parabolic SAR (arrow 3) and the MACD (arrow 4)—flipped bearish.

Looking ahead to next Wednesday, October 20<sup>th</sup>, per the October 13<sup>th</sup> close \$5.590/MMBtu, our weekly resistance levels are \$6.499/MMBtu, \$6.890/MMBtu, and \$7.320/MMBtu. Weekly support targets are \$4.808 /MMBtu, \$4.535/MMBtu, and \$4.269/MMBtu.



## Gas refills disappointed last week.

Today, the EIA reported a disheartening injection of 81 Bcf of natural gas into L48 underground storage for the week of October 8<sup>th</sup>. From a seasonal perspective, the report was solid; the typical injection for this report is 73 Bcf ±21 Bcf. However, the report came in well below the consensus forecast which ranged from a mean of 89 Bcf on Platts' survey to a 98 Bcf mean on Bloomberg. The early consensus forecast for next week is calling for a substantial injection in the high-80s to low-90s Bcf.