



Volatility Remains Sky High!

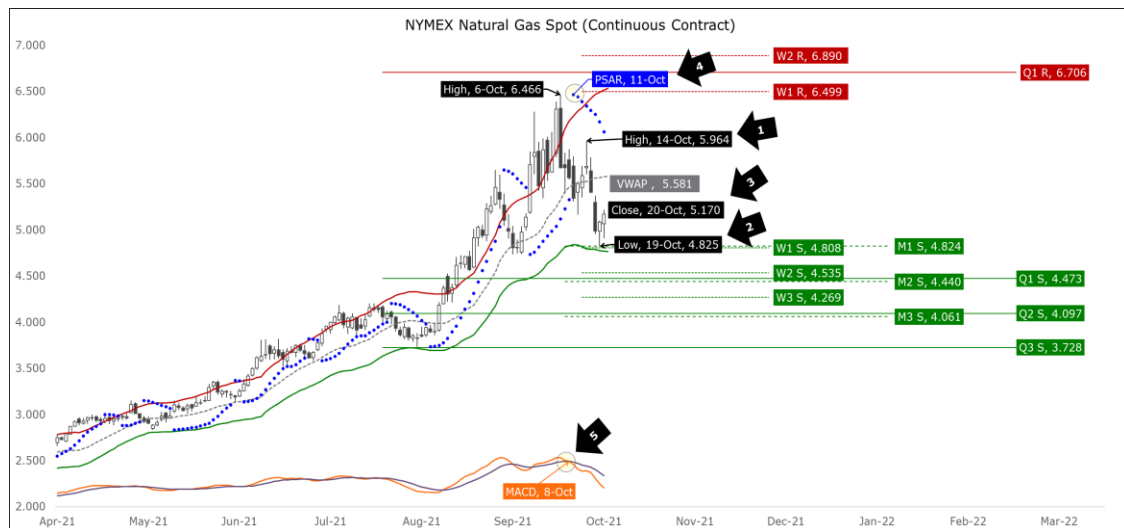
It was another nutty week in the NYMEX Henry Hub market. Two weeks ago, the spot market for November 2021 delivery peaked at consecutive life-of-contract highs of \$6.392/MMBtu and \$6.466/MMBtu, respectively. Last week, the market peaked on October 14th at \$5.964/MMBtu (arrow 1), bottomed on October 19th within 1 tick of our initial support for the month of \$4.824/MMBtu and 1.7 cents above our initial support for the week of \$4.808/MMBtu (arrow 2). The contract finished yesterday at \$5.170/MMBtu (arrow 3).

Daily volatility averaged 83.81% over the last week, which equates to an approximate one standard deviation daily price change of \$2,885 per contract! At the start of the refill season, volatility averaged 20.84% or \$377 per contract; a 665% spike in daily volatility! Last week's daily volatility in gas was even greater than the daily risk (\$2,739 per contract) in the CME micro-Bitcoin contract.

As such, there was a notable increase in open interest for the December \$9/MMBtu and \$11/MMBtu call strikes.

Our two favorite technical indicators—the Parabolic SAR (arrow 4) and the MACD (arrow 5)—flipped bearish, the former on October 11th and the latter on October 08th.

Looking ahead to next Wednesday, October 27th, per the October 20th close of \$5.170/MMBtu, our weekly resistance levels are \$6.031/MMBtu, \$6.402/MMBtu, and \$6.811/MMBtu. The weekly support targets are \$4.432 /MMBtu, \$4.175/MMBtu, and \$3.925/MMBtu.



Gas refills surged last week.

Today, the EIA reported a substantial injection of 92 Bcf of natural gas into L48 underground storage for the week of October 15th. The early consensus forecast for next week is calling for another impressive injection in the low-90s Bcf to the low-triple digits Bcf!