



## All Good Things Must Come to An End

Since late August, the NYMEX Henry Hub market has been in a well-defined bullish trend. However, over the last couple of weeks, daily volatility has spiked.

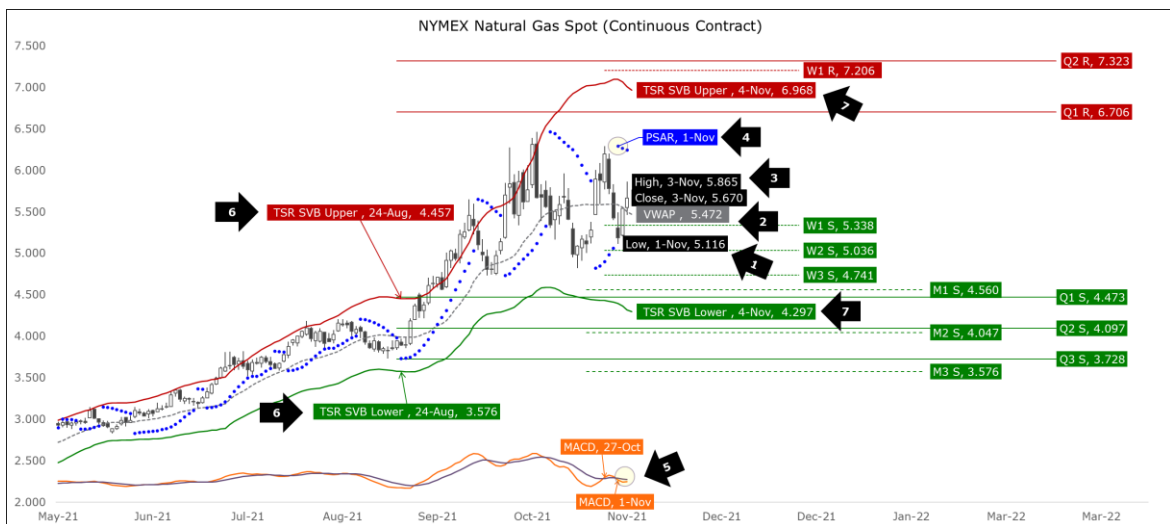
The Schork Volatility Bands (SVB) are parameters based on forward looking probabilistic price modeling. The upper and lower bands are used to gauge whether prices are high or low on a relative basis. Narrow SVBs occur during periods of low volatility and are often a prelude to a sharp directional move (e.g., arrows 6). Conversely, wide SVBs indicate high volatility and often are a prelude to the end of the prevailing trend (e.g., arrows 7).

Prices tend to oscillate inside of the SVBs. **Buying opportunities should be considered in periods of low volatility and when prices are trending toward the lower SVBs (e.g., arrow 6 support).**

Our SVBs are best utilized in conjunction with our two favorite technical indicators, the parabolic SAR (arrow 4) and the MACD (arrow 5). To this point, both indicators have whipsawed over the last several weeks... a common occurrence in a high volatility market.

Bottom line, the spike in volatility suggests that the current rally has run its course and the market has entered a consolidation phase with the spot market yo-yoing in between  $\approx$ \$5/MMBtu and  $\approx$ \$6/MMBtu.

Looking ahead to next Wednesday, November 10<sup>th</sup>, per the November 3<sup>rd</sup> \$5.670/MMBtu close, our weekly resistance levels are \$6.907/MMBtu, \$7.378/MMBtu, and \$7.806/MMBtu and the weekly support targets are \$4.654/MMBtu, \$4.358/MMBtu, and \$4.119/MMBtu.



## Injections ending the season on a strong note.

Today, the EIA reported a solid injection of 63 Bcf of natural gas into L48 underground storage for the week of October 29<sup>th</sup>. The early consensus forecast for next week is calling for another impressive injection in the mid-teens!