



Nuttiness in the NYMEX Henry Hub Market has Not Abated

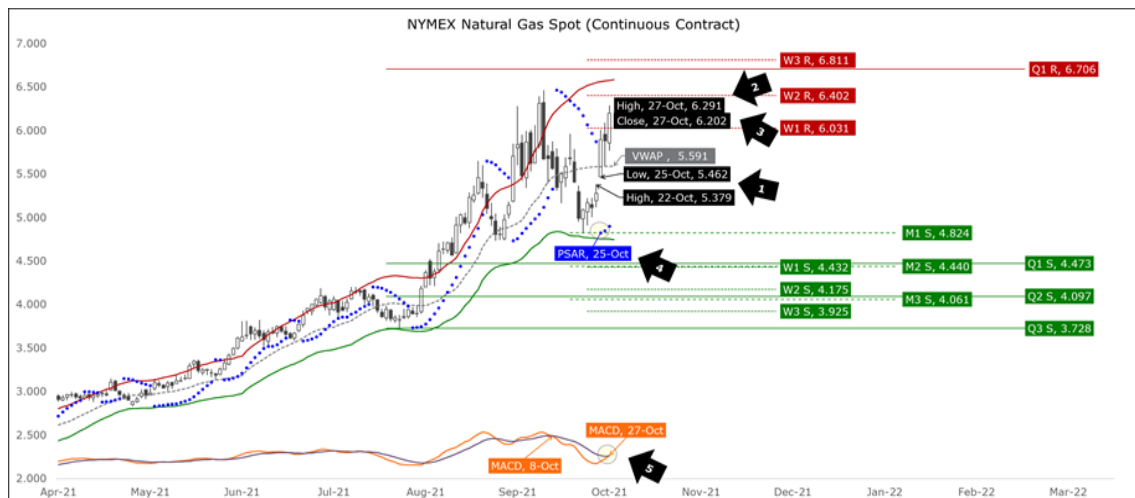
At the start of this week, the spot market bottomed at \$5.462/MMBtu thereby creating a gap above last Friday's \$5.379/MMBtu high print (arrow 1). Yesterday, the contract peaked at \$6.291/MMBtu (arrow 2) and closed halfway in between our first two resistance targets of \$6.031/MMBtu and \$6.402/MMBtu, respectively (arrow 3).

Our two favorite technical indicators, the parabolic SAR (arrow 4) and the MACD (arrow 5) each flipped bullish, the former occurring on October 25th and the latter taking place on October 27th.

NYMEX gas continues to vie with Bitcoin for most insane market.

Over the course of the week, we saw a notable increase in open interest for the December 2021, \$9/MMBtu call strike. Natty's daily volatility averaged 82.35% which equates to an approximate one standard deviation daily price change of \$2,763 per contract, whereas CME micro-Bitcoin volatility averaged 67.81% for an approximate one standard deviation daily change of \$2,685 per contract. To put this into perspective, NYMEX WTI crude oil volatility averaged 16.80% for a daily price change of \$869 per contract.

Over the last three weeks in the CFTC Commitments of Traders report, Wall Street (CTAs, CPOs, and Hedge Funds) upped their short position to the fifth highest level, 8,179 contracts (select NYMEX and ICE futures, options, and swaps) per trader. **Therefore, each one of these large speculators (27 in total) were short the equivalent of 15 of the 16 cubic feet delivered into L48 underground storage last week.**



Gas refills are about to end.

Today, the EIA reported a substantial injection of 87 Bcf of natural gas into L48 underground storage for the week of October 22nd. The early consensus forecast for next week is calling for another impressive injection in the low-60s Bcf! Next week's delivery is likely the final of the season.