



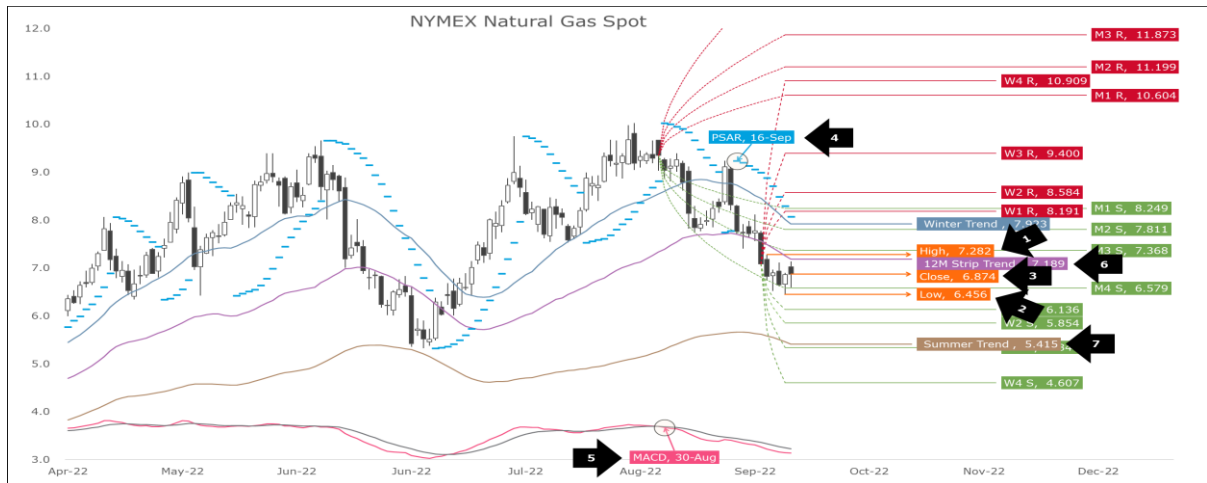
## If You Hedge on the NYMEX, the Future Is Now

At the end of last week, the spot NYMEX Henry Hub natural gas futures contract peaked within 8.6 cents of our \$7.368 third support level on the month (M3 S) at \$7.282 (arrow 1). The market crashed below our \$6.579 fourth (and final) support level on the month (M4 S) at \$6.456 (arrow 2). Today natty finished at \$6.874 (arrow 3).

Notice that the spot market is now trading below the \$7.189 trend in the weighted 12-month strip (arrow 6). As such, we are entering an attractive level for those hedging on the NYMEX futures market. For example, today the Summer 2023 strip (Apr-23 through Oct-23) settled at \$4.834. As of Wednesday, the weighted trend in this strip is \$5.415 (arrow 7). **This is an area where one must consider locking in a portion of their exposure.**

Our two favorite technical indicators are in sync. The MACD (arrow 5) has been bearish since the end of August, while the parabolic SAR (arrow 4) flipped back to bearish two Fridays ago. **Therefore, we will maintain a bearish bias for a second straight week.**

Looking ahead to next Thursday, October 6<sup>th</sup>, per yesterday's \$6.874 settlement, our model's four weekly support levels are \$6.237, \$6.043, \$5.684, and \$5.142. Our four weekly upside targets are \$7.576, \$7.819, \$8.312, and \$9.189. Our updated monthly targets are \$6.019, \$5.683, \$5.344, and \$4.745 for support and \$7.837, \$8.300, \$8.826, and \$9.941 for resistance.



## Injections into L48 underground storage are surging.

This morning, the EIA reported a second straight (i.e., second straight massive) injection of 103 Bcf of natural gas into L48 underground storage. These are the largest injections to date. As of September 23<sup>rd</sup>, inventories rose to 2.977 Tcf and the shortfall to the seasonally adjusted time series narrowed to an 8-month low of 162 Bcf (-5%). The typical injection for next week's report is 83 ±24 Bcf. A dearth of cooling demand this week, compounded by the plunge in demand from Hurricane Ian, will translate into a gargantuan injection in next Thursday's report. Early guesstimates are in the 120s Bcf!