

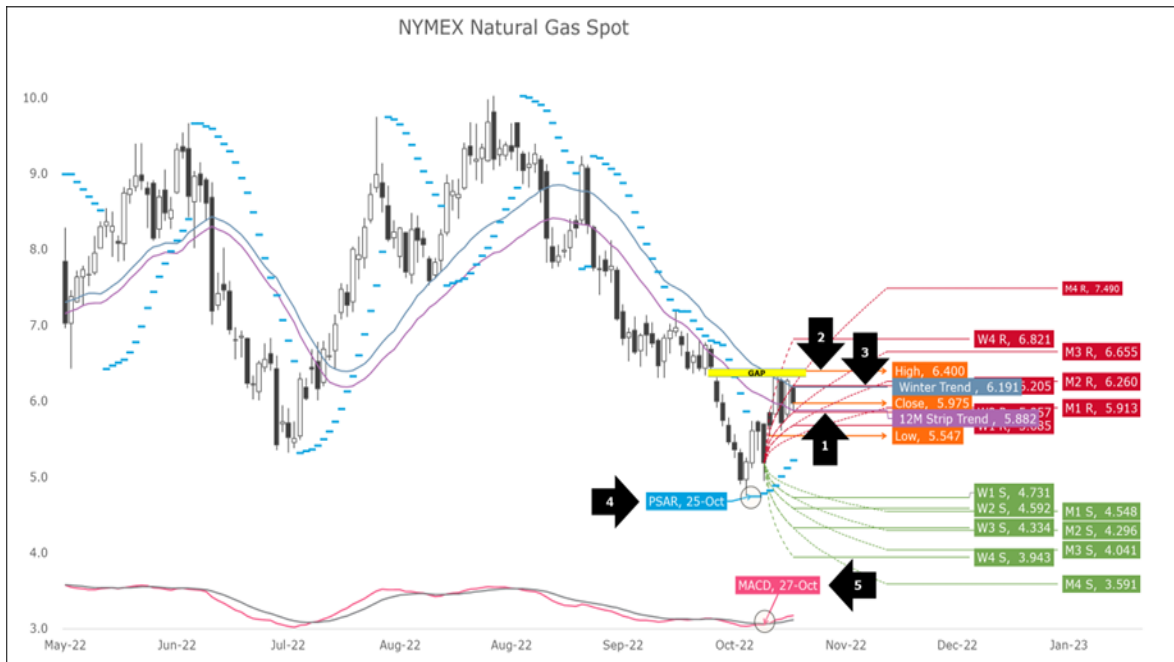


## Bulls Fail to Close the Gap

Over the past five days the spot Henry Hub futures contract on the NYMEX moved higher, albeit with a tremendous amount of volatility. The contract bottomed last Friday at \$5.547, rallied at the start of this week through the \$5.882 trend in the weighted 12-month strip (arrow 1), and peaked at \$6.400, i.e., within 9 ticks of closing the October 14<sup>th</sup>/17<sup>th</sup> gap at \$6.409 (arrow 2). Today, the contract finished below the \$6.191 trend in the weighted winter trend at \$5.975 (arrow 3).

Our two favorite technical indicators are in sync. The parabolic SAR (arrow 4) turned bullish on October 25<sup>th</sup> and the MACD (arrow 5) shifted bullish on October 27<sup>th</sup>. Given that the signals match, we will hold our bullish bias for a second straight week.

Looking ahead to next Thursday, November 10<sup>th</sup>, per yesterday's \$5.975 settlement, our model's four weekly support levels are \$5.541, \$5.362, \$5.177, and \$4.837. Our four weekly upside targets are \$6.443, \$6.658, \$6.896, and \$7.381.



## EIA reports another monster.

This morning, the EIA reported another triple-digit injection, the sixth triple digit addition in the past seven weeks. As of October 28<sup>th</sup>, L48 underground storage rose by 107 Bcf to 3.581 Tcf. The season-to-date refill is now up to a substantial 2.119 Tcf, which is 362 Bcf (20.6%) above the seasonally-adjusted norm and 285 Bcf (13.9%) above a year ago. The early consensus for next week's report is another substantial refill of around 80 Bcf.