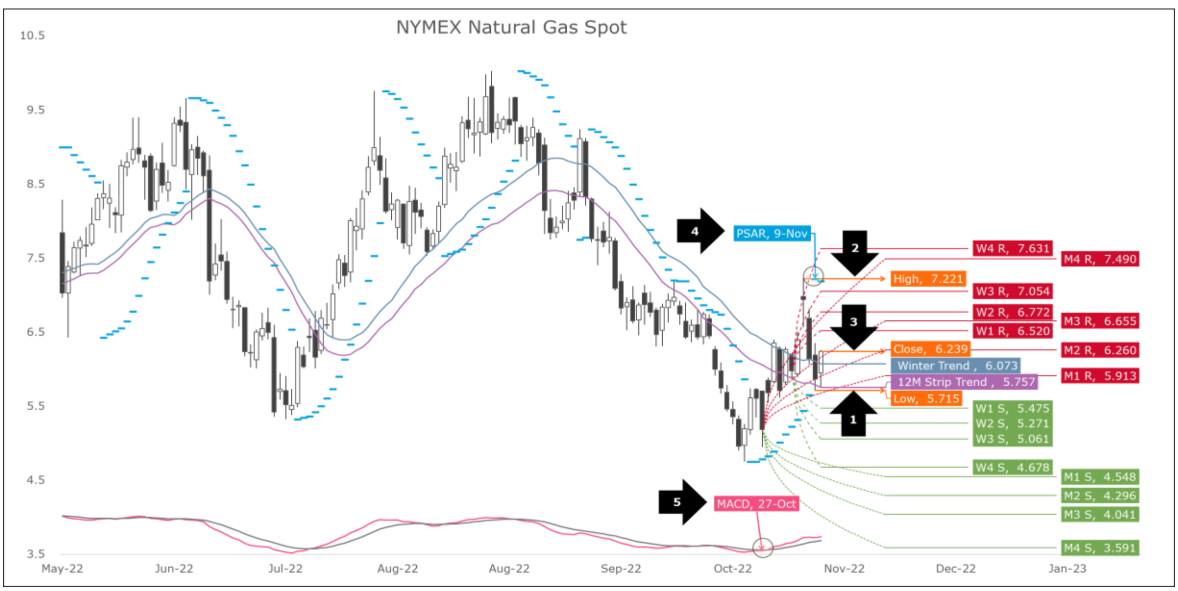
NYMEX Gas is Not for the Faint of Heart

Over the last handful of weeks, intraday volatility in the NYMEX Henry Hub futures contract for December 2022 delivery has surged from 94.4% to 144.2%. This equates to an approximate one standard deviation daily price swing surging from a massive $0.323 per MMBtu to a practically incomprehensible $0.559 per MMBtu.

At the start of this week, the market surged to a $7.221 high (arrow 2) but failed to maintain momentum. Yesterday, the market troughed below the $5.757 trend in the weighted 12-month strip at $5.715 (arrow 1) but bounced today through the $6.073 trend in the weighted winter strip to $6.239 (arrow 3).

Our two favorite technical indicators fell out of sync. The parabolic SAR (arrow 4) turned bearish yesterday, while the MACD (arrow 5) has been bullish since October 27th. Given that these two indicators are out of agreement, we will switch our two-week long bullish bias to neutral.

Looking ahead to next Thursday, November 17th, per yesterday's $6.239 settlement, our model's four weekly support levels are $5.713, $5.498, $5.277, and $4.874. Our four weekly upside targets are $6.814, $7.080, $7.377, and $7.987.



Storage will end the season at a record...but by how much?

This morning, the EIA reported a solid injection of 79 Bcf. As of November 4th, L48 underground storage rose to 3.580 Tcf. Over the last eight weeks, a massive 809 Bcf has been injected making this the strongest ever end to a season, and it's not over yet. The early consensus for next Thursday's EIA report (week ended November 11th) is a 60 ±5 Bcf injection.

