



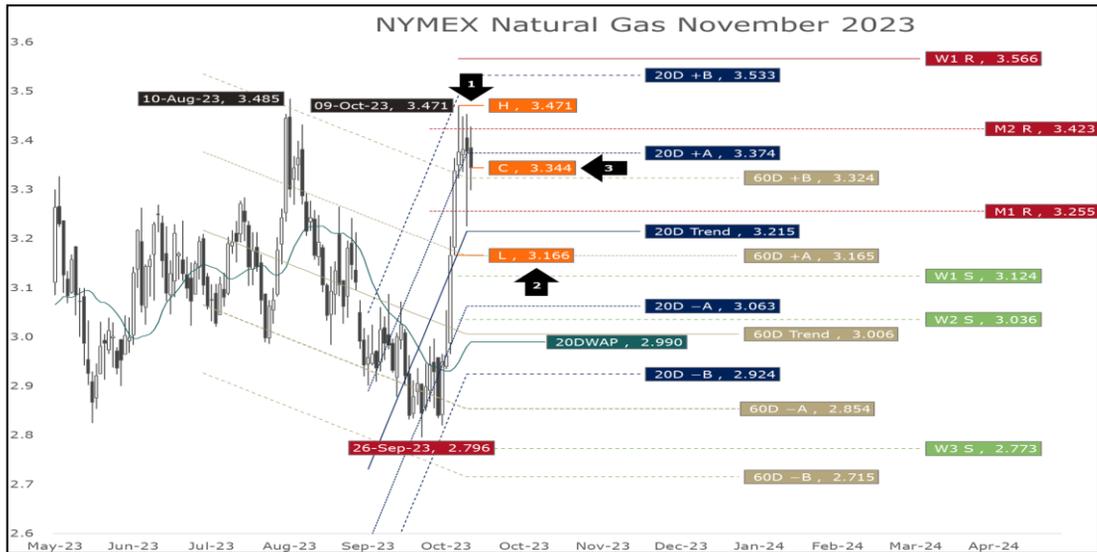
Gas Bulls Try to Build on Their Strong Open to 4Q3

We have reconfigured our NYMEX Henry Hub natural gas chart. While we still believe and follow the Parabolic SAR and MACD—our two favorite technical indicators—we have removed them to improve readability. In a similar fashion, we have replaced our volatility-based cones with volatility-based regression channels for the past 20 and 60 days.

Over the past five days, the spot contract for November delivery bottomed within 1 tick of our upper innermost limit in the 60-day channel (+A) of \$3.165 per MMBtu at \$3.166 (arrow 2). At the start of this week, the contract surged to a \$3.471 high (arrow 1) and finished today at \$0.020 above our uppermost limit in the 60-day channel (+B), \$3.324, at \$ 3.344 (arrow 3).

The Parabolic SAR and the MACD are still bullish. **Thus, we will hold our bullish bias for a third straight week.**

Looking ahead to next Thursday (October 19th) in the November market, based on today's \$3.344 per MMBtu settlement, our support targets are \$3.113, \$3.018, \$2.738, and \$2.115. Our resistance targets are \$3.592, \$3.705, \$4.084, and \$5.287. Our new monthly targets on the support side are \$2.582, \$2.455, \$2.095, and \$1.378. The resistance limits are \$3.255, \$3.423, \$4.011, and \$6.097.



L48 storage... five straight normal injections and counting.

Today, the EIA reported the 27th injection of natural gas into L48 underground storage. An 84 Bcf build was reported which was somewhat below market expectations. As of Friday, October 6th, working gas storage inventories rose to 3.529 Tcf. From a seasonal perspective, an injection of 90 ±25 Bcf is expected for this report. So, from this point of view today's report was neutral... a fifth straight neutral report. The typical injection for next Thursday's report is in the low 80s Bcf. The market is currently on pace to finish the season around 3.803 Tcf, which is slightly below the EIA's newly revised forecast of 3.820 Tcf.