



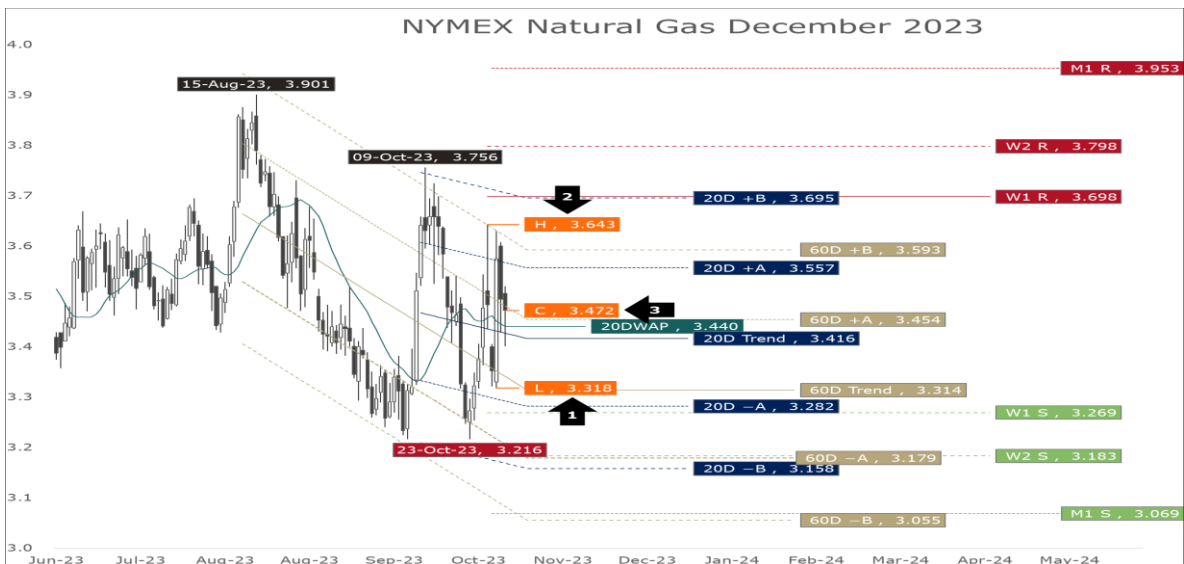
Volatility is Back

Over the past two weeks, spot NYMEX Henry Hub natural gas futures for December delivery cratered to a \$3.216 per MMBtu low and then surged at the end of last week to a \$3.643 high (arrow 2). Earlier this week, the contract plunged back to within 4 ticks of the 3.314 trend in the 20-day bearish channel at 3.318 (arrow 1). The contract finished today within 5 ticks of our upper innermost limit (3.477) in the 60-day bearish channel at 3.472 (arrow 3).

The Parabolic SAR and the MACD are out of agreement. **Thus, we will hold our bias at neutral for a second week.**

Looking ahead to next Thursday (November 9th) based on today's \$3.472 per MMBtu settlement in the December market, our support targets for the week are \$3.243, \$3.148, \$2.867, and \$2.240. The resistance targets are \$3.718, \$3.829, \$4.204, and \$5.381. The new monthly targets are \$3.069, \$2.904, \$2.442, and \$1.546 for support, and \$3.953, \$4.177, \$4.967, and \$7.848 for resistance.

The trendline in the 20-day bearish channel is \$3.314 and the trendline in the 60-day bearish channel is \$3.326.



L48 storage ... refills begin to wind down.

Today, the EIA reported the 30th addition of natural gas into L48 underground storage. A net of 79 Bcf of gas was injected. Based on our seasonal models, the typical injection for today's report is 61 ±14 Bcf. Therefore, today's update was skewed to the bearish side. As of October 27th, storage was 3.779 Tcf. The early guess from the crowd for next Thursday's update (week ended tomorrow, November 3rd) ranges from the first delivery (withdrawal) of the season in the low single digits to an addition in the 40s Bcf. However, due to a scheduled systems update, the EIA will not publish a report for next week.