



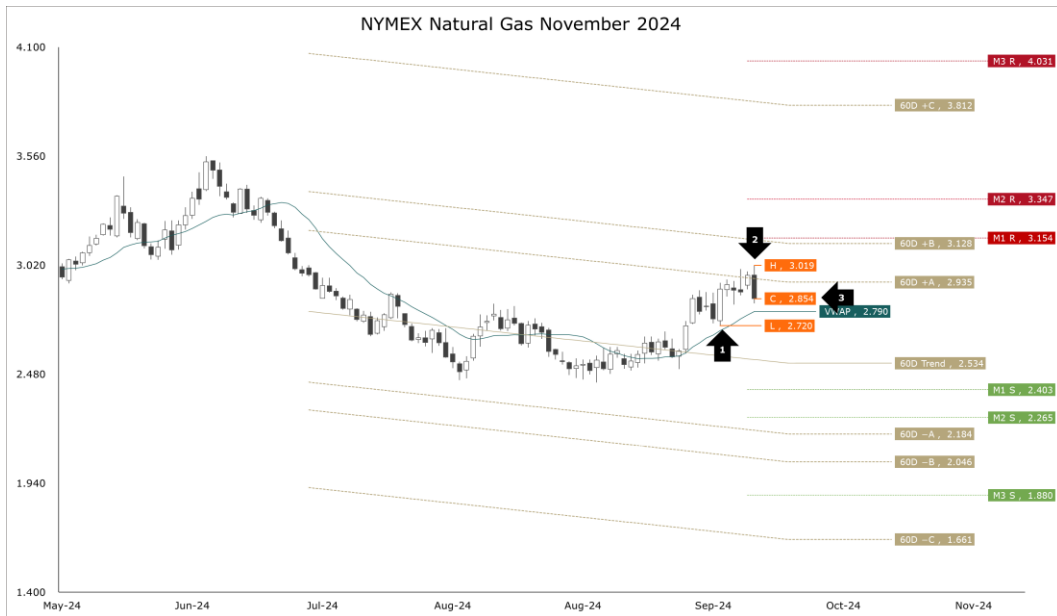
## Gas Bulls Running Out Of Steam

November NYMEX natural gas bottomed on August 27<sup>th</sup> per MMBtu (arrow 1), rallied at the end of last week to a high of \$3.019 per MMBtu (arrow 2) but finished the session at a disappointing \$2.854 per MMBtu (arrow 3).

Our preferred technical indicators—the Parabolic SAR, the MACD, and the Stochastic—are either bearish or on the cusp of flipping bearish. **We will change our technical bias from neutral to bullish.**

As far as the month goes, our resistance limits for November gas are \$3.154, \$3.347, and \$4.031 with a doomsday limit of \$6.590. The support limits are \$2.403, \$2.265, and \$1.880 along with an end of our times limit of \$1.150. Through this Thursday, the 60-day trend extends lower to \$2.534 per MMBtu. The upper limits in the trend are \$2.935, \$3.128, and \$3.812. The lower limits are \$2.184, \$2.046, and \$1.661.

Last week, natural gas demand for electricity generation was 6% or 2,096 GWhs lower, the equivalent of  $\approx 12\frac{1}{2}$  Bcf gas. On a year-over-year basis, demand was 7% higher, up 2,104 GWhs ( $\approx 12\frac{1}{2}$  Bcf). Demand was weakest in the Midwest (-5.9 Bcf), the Mid-Atlantic (-3.6 Bcf), and the Southeast (-2.5 Bcf). Demand was highest in California (+2.8 Bcf) and the Southwest (+1.6 Bcf). The typical injection of gas into L48 underground storage is  $90 \pm 25$  Bcf. The early whisper skews the lower end of the range into the low 70s Bcf.



## L48 Storage is Lagging

As of last Friday, L48 storage rose to 3.547 Tcf. The key takeaway is that although this season's hitherto injection is 340 Bcf below the seasonal norm in absolute terms, this year's injection has been more efficient in terms of capacity usage. Be that as it may, in a best case scenario, we see end-of-season storage at 3.872 Tcf which is 16 Bcf below the EIA's latest forecast of 3.888 Tcf. However, at this season's extant pace of refills, storage appears on pace to finish at only 3.669 Tcf which is a mere 52 Bcf above the five-year low. Hmm? Perhaps this is why the Mar-25/Apr-25 backwardation is trading at two month high?