



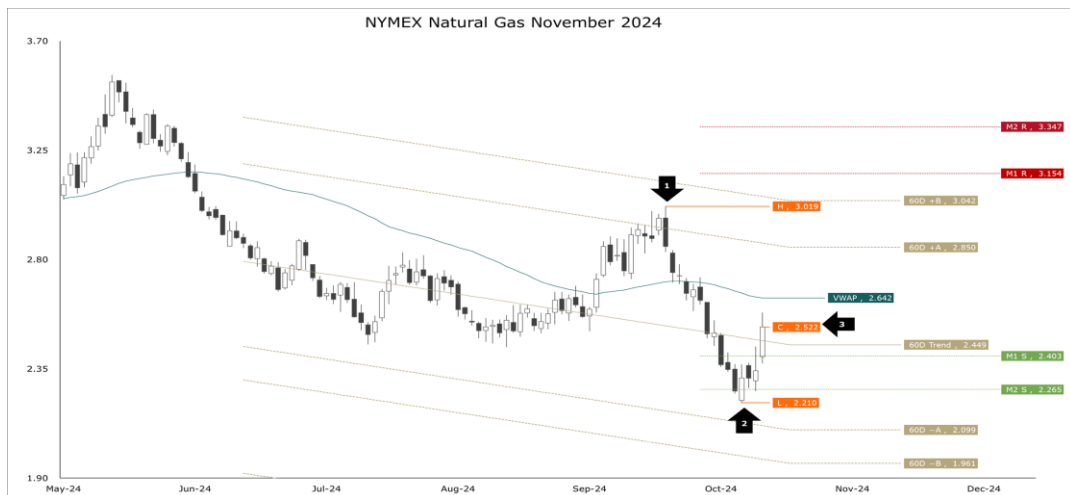
## The Squeeze is On

As we note in today’s Market View, NYMEX natural gas futures for November 2024 delivery posted its strongest daily increase since the contract was opened in November 2011.

This rally followed one of the most bearish weekly inventory updates of the season from the EIA. However, as of last week, large speculative proprietary trading desks were short 3.2 NYMEX futures contracts for every contract they were long—marking the largest ratio since the start of the dog days of summer. Despite yesterday’s bearish EIA update, bulls had enough ammo (in the form of the lopsided 3.2-to-1 ratio) to run stops and force bears to cover some exposure.

At the end of last week, October 4th, the November NYMEX natural gas peaked at \$3.019 per MMBtu (arrow 1). The contract broke down through the volume-weighted average price (VWAP) and bottomed at the start of this week at \$2.210 per MMBtu (arrow 2). Yesterday, the market spiked to a \$2.522 per MMBtu close (arrow 3).

Our preferred technical indicators—the Parabolic SAR, the MACD, and the Stochastic—all shifted bullish earlier this week. So, even though the fundamentals are still bearish, the daily technicals have shifted bullish. As far as the remainder of 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.



## L48 Storage: Refills Finishing the Season Strongly

As of last Friday, L48 underground storage of natural gas rose to 3.785 Tcf and as a result, gas is at 94% of working capacity, which is 3.7 percentage points greater than the seasonal norm, and 2.1 percentage points greater than a year ago. Storage is now on pace to head into winter with more than 3.900 Tcf in the ground. Our updated forecast has storage finishing at 3.926 Tcf with an upside potential of 3.972 Tcf. The EIA’s latest forecast is 3.856 Tcf.