



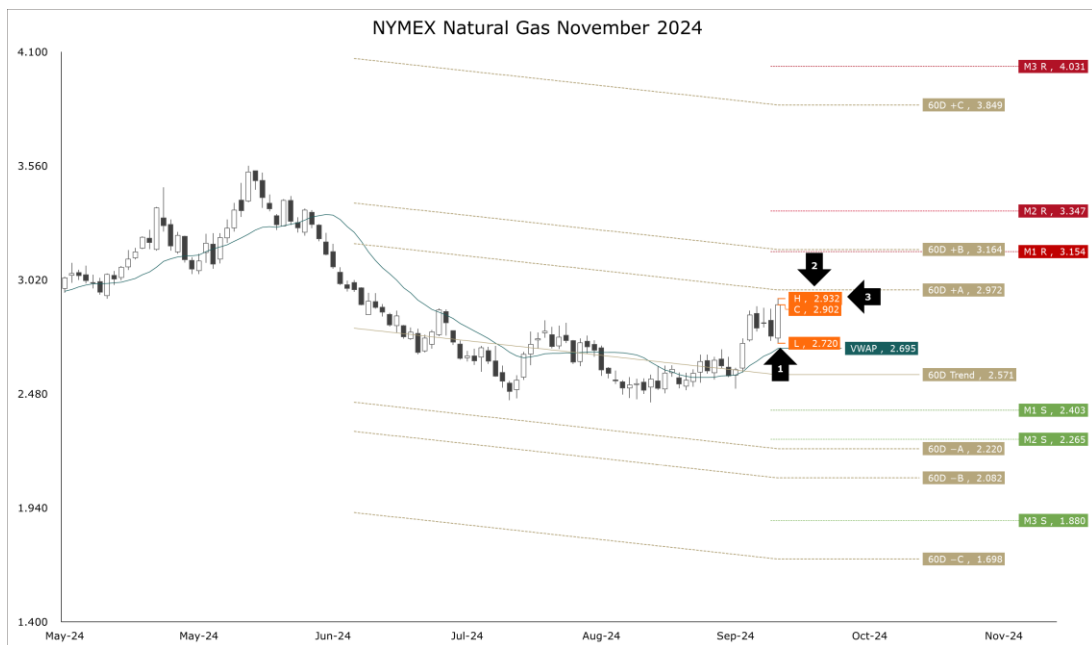
Gas Bulls Look For a Repeat

October NYMEX natural gas bottomed on August 29th at \$2.026 per MMBtu and peaked on last Thursday's expiry at \$2.690 per MMBtu and went off the board at \$2.585 per MMBtu, for a 21.0% gain for the month.

At the end of last week, the prompt market rolled into the November contract. To kick off the new month, the market bottomed at \$2.720 per MMBtu (arrow 1), rallied to a \$2.932 per MMBtu high (arrow 2), and settled at \$2.932 per MMBtu (arrow 3).

Our preferred technical indicators—the Parabolic SAR and the MACD—have been bullish since September 20th, and our other favorite indicator—the Slow Stochastic—has been seesawing between bullish and bearish since September 24th. The market is top-heavy but that does not mean it cannot get even heavier. **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 from \$2.571 to \$2.556. The upper limits in the trend are \$2.957, \$3.150, and \$3.834. The lower limits are \$2.206, \$2.068, and \$1.683.



Broken Record Redux

Last week, the EIA produced another subpar injection (addition) of natural gas to L48 underground storage. Whereas the normal refill for the middle of September is 83 ± 23 Bcf, the EIA reported an injection of 47 Bcf (net of an 8 Bcf reclassification from working gas to base gas) for the week ending September 20th. The typical injection in this Thursday's storage update is 88 ± 24 Bcf. The early guesses on the Reuters' survey range from the middle 50s Bcf to the middle 60s Bcf. Storage is on track to head into winter at ≈ 3.881 Tcf, 135 Bcf (3.6%) greater than the five-year average (2019-2023).