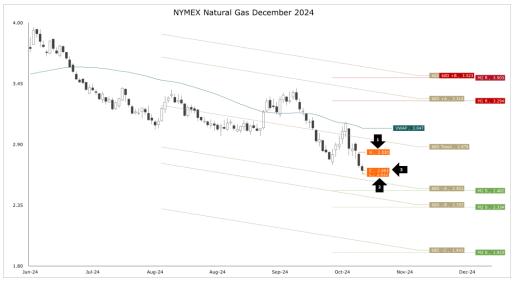


## **Hedge Funds Sold Massively**

According to the latest Commitments of Traders report from the CFTC, the number of shorts in the most liquid NYMEX Henry Hub gas futures market held by Other Reportables (e.g., proprietary trading desks, institutional investors etc.) fell over the past four weeks from a three-month high of 151,043 contracts (10.2% of open interest) to a ten-month low of 92,679 contracts (5.5% of open interest, a year-to-date low). Over this time, December 2024 NYMEX gas fell from a three-month high close of \$3.369 per MMBtu on October 03rd, to the lowest settle, \$2.663 per MMBtu, since the height of Covid hysteria in October 2020.

**On the other hand, hedge funds sold massively into the rally and subsequent sell-off**. As of October 08th, 61 hedge funds et al. were holding 200,555 shorts on the NYMEX, the equivalent of 3,288 contracts per trader, representing 13.5% of open interest, a four-month low. Since then, fund managers sold 120,399 contracts, the equivalent of 1,241 Bcf of gas which is more than the combined injections of the last 23 weeks of 1,223 Bcf. The funds' short position is now at a five-month high of 320,954 contracts and represents 19.2% of open interest.

At the end of last week, December NYMEX natural gas peaked at \$2.830 (arrow 1), bottomed at \$2.632 (arrow 2), and settled at \$2.663 (arrow 3). The contract is in a bullish channel ranging from the 60-day trend of \$2.879 and \$2.501.



## L48 Storage: The End of the Season is Primed to Finish Strong

As of last Friday, Lower 48 underground storage levels rose by 78 Bcf. The typical addition for late October, based on a time series analysis, is 69 Bcf, with a margin of error of  $\pm$  19 Bcf. At 9 Bcf above the 69 Bcf seasonal trend, this is the first time since the July 04th holiday, and only the second time since last April that the report came in above the trend. This was a bearish report, as was last week's report. However, as opposed to last week when NYMEX gas futures surged in the wake of a short squeeze, yesterday the NYMEX traded accordingly.

