

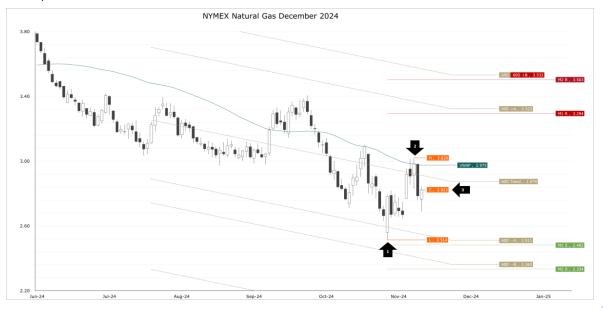
4.0 Tcf Is Still A Possibility

As of Friday, November 08th, L48 underground storage of natural gas rose to 3.974 Tcf and as a result, gas is at 83.97% of working capacity, which is 2.96 percentage points (i.e., 296 basis points) greater than a year ago and 245 points greater than the seasonal norm. Furthermore, storage is within 65 basis points of 4.0 Tcf and within 180 points of the all-time high of 4.047 Tcf.

Historically, this report—*for the 45th week of the calendar year*—tends to be the final injection of the season, though injections beyond this point are not unheard of. For example, a year ago the EIA reported a 7 Bcf delivery (withdrawal) for the week ending November 17th, which was followed by a 10 Bcf injection the following week of November 24th.

As far as traders are concerned, Winter 2024-25 is D.O.A. The backwardation on the Mar25/Apr25 NYMEX Henry Hub spread set consecutive season-to-date lows over the last five weeks. As of last Friday, the backwardation averaged \$0.031 per MMBtu which is the cheapest a Mar/Apr spread has traded at this point in the season since 2013. Earlier this week, the backwardation moved to \$0.040 on the short squeeze but finished yesterday at \$0.025.

December 2024 NYMEX Henry Hub futures rolled into this month on an upswing. The contract bottomed at \$2.514 (arrow 1), and meandered lower for about a week before rocketing last week to a \$3.020 (arrow 2). The contract ended last week at \$2.823 (arrow 3). Bulls failed last week on three attempts to breach the volume-weighted average price (VWAP), which was \$2.975 as of last Friday. As such, the market continues to trade lower inside a bearish envelope.



L48 Storage: 4.0 Tcf is not out of the question.

The normal move in this Thursday's update is a 4 Bcf delivery with a margin of error of ± 11 Bcf. Last week, natural gas demand for electricity generation was 2.7% or 829 GWhs lower, the equivalent of \approx 5.0 Bcf gas. On a year-over-year basis, demand was 2.3% higher or 675 GWhs (\approx 4.0 Bcf). Demand last week was weakest in the Midwest (-2.2 Bcf), Florida (-1.6 Bcf), and the Southeast (-1.4 Bcf). Demand was strongest in California (+2.9 Bcf) and the Midwest (-1.0 Bcf). The mean consensus on the preliminary Reuters' survey is a 20 Bcf injection. If accurate, this brings storage to within 6 Bcf of the psychologically important 4.0 Tcf threshold and to within 53 Bcf of the all-time high.

