



Gas Bulls Steamroll NYMEX Despite Fading Cold

Since the roll into spot Dec-25 futures, the market has been ripping higher. As noted in today's Market View, the spark for this rally is a burst of winter weather that has gripped key markets from the Midwest through the East. Yet the latest ensemble runs suggest this surge in gas-furnace demand will be short-lived. Nevertheless, technicians are running roughshod over the NYMEX complex—fading weather patterns be damned.

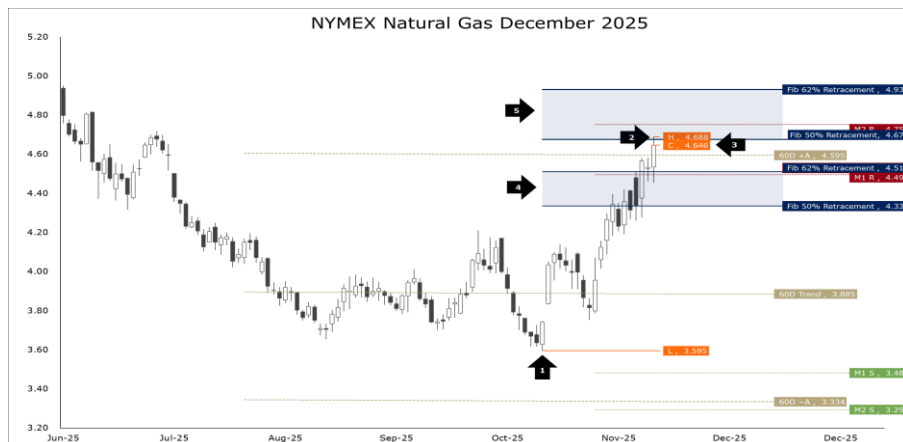
Today, Dec-25 gas surged into the final Fibonacci Zone (arrow 5)—drawn from the March 10th high of \$5.757 (not shown) to the October 17th low of \$3.595 (arrow 1)—with an intraday high of \$4.688 (arrow 2) and a settle just below the zone at \$4.646 (arrow 3).

Per today's Market View, options traders are pricing meaningful upside risk into expiry, assigning a 29% probability that the Dec-25 \$5 call settles in the money, as well as a 40% chance that Jan-26 gas trades above the same \$5 threshold at some point between today and its expiry at the end of December.

For the week ahead, the bulls' next obvious targets are the top of the Fibonacci Zone at \$4.931, followed by the \$5 psychological threshold. Above here, bulls will set their sights on last summer's \$5.076 high.

The Dec-25 life-of-contract high was set last winter at \$5.757. If you are wondering, given where the options settled today, there is a 10% probability (odds of 9:1), the contract will hit this level at some point over the next 11 sessions. For woebegone gas bears, there is no support until the 52-week volume-weighted average price (VWAP) around \$4.188 and the 50% lower retracement at \$4.142.

Stay sharp and hedge with confidence.



EIA Storage

Due to this week's Veterans Day holiday, the EIA will not publish its weekly storage report until tomorrow. As of last week's update, storage stood at 3.915 Tcf as of October 31st. For tomorrow's report (week ending November 7th) the typical injection for early November is 17 ± 8 Bcf. Given last week's mild gas-fired demand, tomorrow's report will be large with market expectations clustered in the mid-30s Bcf. Considering this week's shot of wintery weather, we will likely see this season's first withdrawal from storage in next Thursday's report.