## Winter Bite Fuels a Surge — Volatility Takes the Wheel

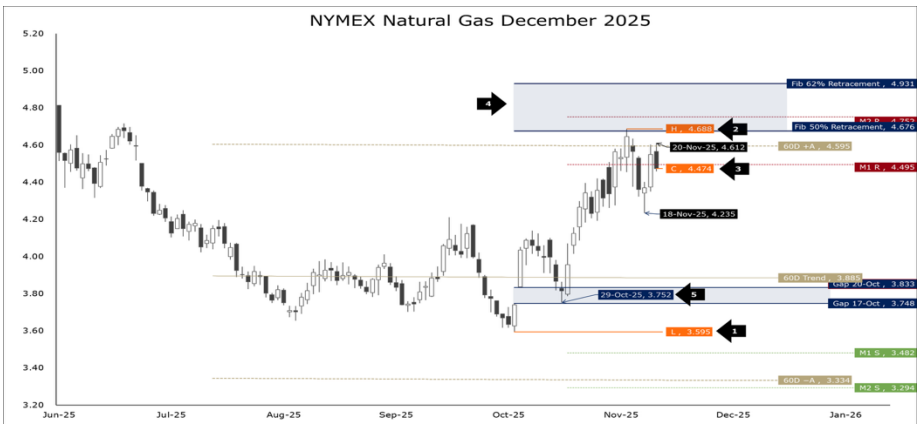
Thanks to last week's early taste of winter, the NYMEX Henry Hub futures' complex surged. Last week, the Dec-25 contract rallied inside the final Fibonacci Zone (arrow 5) and peaked at $4.668 (arrow 2). Since then, the contract sold off on November 18th to $4.235, rallied to today's $4.612 intraday peak, and finished at $4.474 (arrow 3).

NOAA's latest 8-14 Day Temperature Outlook (from November 28th thru December 4th) looks bullish with expected temperatures below normal throughout key gas furnace markets from the Midwest to the East. However, before we arrive there, the market will most likely see another addition—one that could possibly fully negate this morning's withdrawal—in next Thursday's EIA storage update.

With today's $4.474 settle and the recent spike in volatility, options traders are assigning even odds (9:1, i.e., 10% probability) that the Dec-25 $5 call strike and the $4 put strike expires in the money next Monday. Traders are giving a 35% probability that Jan-26 trades above $5, and a 29% probability that it trades below $4 at some point between today and its expiry at the end of next month.

The Dec-25 life-of-contract high was set last winter at $5.757. If you are wondering what the chance of hitting this level is over the final two sessions, traders are assigning a 0.45% probability (rough odds of 220:1)... long odds indeed but nevertheless a possibility, especially now that James Cordier is back. The Jan-26 life-of-contract high is $5.992, for which traders are pricing a ≈13% probability (7:1 odds) of getting there. For woebegone gas bears, there is no support until the 52-week volume-weighted average price (VWAP) around $4.218 and the 50% lower retracement at $4.142.

Stay sharp and hedge with confidence.




## EIA Storage

Last week's early brush with winter produced the first withdrawal of the season. Today, the EIA reported a 14 Bcf pull from L48 storage. For context, the typical withdrawal for this point in November—based on our seasonal time-series work—runs 32 ± 18 Bcf. In other words, despite the market's hype around last week's cold snap, the draw came in at the lower bound of normal. Looking ahead, preliminary estimates for next Thursday's report (week ending tomorrow) span a wide range—from a small single-digit withdrawal to a high-teens injection. This reinforces the same message: early-season weather may have moved sentiment, but it has not materially changed the storage trajectory.