

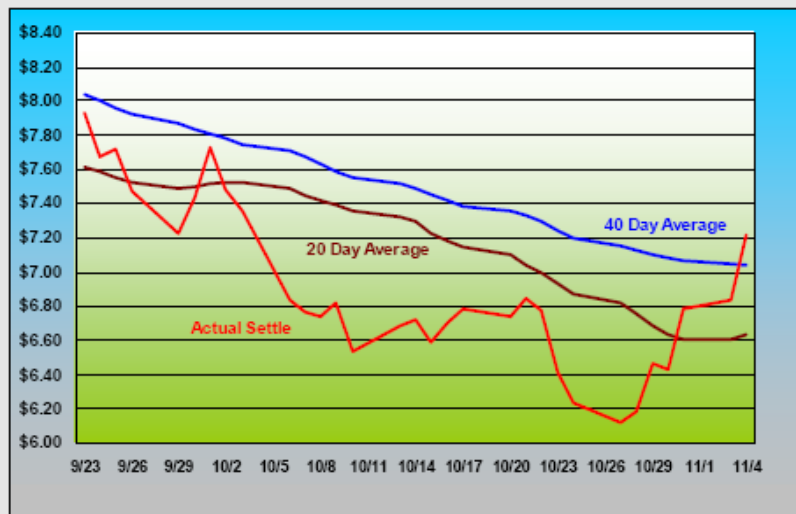
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**From:** Jackson Mueller [mailto:jwmueller@attglobal.net]  
**Sent:** Tuesday, November 04, 2008 4:07 PM  
**Subject:** Daily Market Summary

**NATURAL GAS COMMENTARY:**

Kicking off its seasonal rally into high gear, amid heavy trading, NYMEX December natural gas futures topped \$7.00 Tuesday to post a one-month high on the spot continuation chart and end the session near \$7.22, up over 38 cents. Spanning a \$6.836 to \$7.360 one-month high on Globex and a \$7.04 to \$7.330 range on the floor, December natural gas settled at \$7.219, up 38.1 cents or 5.6 percent in value today. The front month contract extended Monday's marginal 5.5-cents advance with spill-over buying amid forecasts for some colder weather early next week and a rally by the broader energy complex pushing the contract through \$7.00 resistance in what several traders said is likely the start to a rally ahead of the peak winter heating season. Technically, support for natural gas is found near \$6.50, \$6.00, \$5.75 and \$5.50. Resistance is found at \$7.60, \$8.30, \$8.50, \$8.77, \$9.00, \$9.50, and \$10.00.

**The 20-day and 40-day Nearby NYMEX Moving Averages Vs. Actual Settle**



While imminent chilly weather likely to boost heating demand, the supply picture for natural gas remains bearish, with storage expected to maintain a healthy rebuilding pace this week. Coming off five straight above-average builds to natural gas storage, this week could offer a sixth bearish net injection to maintain a healthy pace towards pre-winter inventories. Early forecasts for the Weekly Natural Gas Storage Report — to be released Thursday (11/6) with data covering through October 31 — point to a build in the mid 30s Bcf, slightly higher than the 31-Bcf five-year average for this week but 10 Bcf below the 45-Bcf build reported in the same week last year. Assuming a build of 35 Bcf, total stocks would approach 3.43 Tcf, about 100 Bcf above the five-year average but still 107 Bcf shy of last year's record high levels, which were already over 3.5 Tcf at this point.

Gulf of Mexico production previously shut-in by the two hurricanes in September continues to return slowly, with the MMS reporting last Thursday (10/30) that 33 percent (or 2.439 Bcf/d) is still currently offline in the region. This was down from 33.5 or 2.476 Bcf/d on Tuesday (10/28). The MMS is now only issuing its shut-in statistics on Wednesdays of each week.

In the physical market, cash natural gas prices climbed sharply by well over \$1.00 in some markets in conjunction with the rally by futures and amid expectations for the arrival of some

colder weather over the next few days, which is seen sparking increased heating demand in some areas.

**CRUDE OIL COMMENTARY:**

December crude oil settled at \$70.53, up a hefty \$6.62 or 10.4 percent, with December heating oil spiking 17.88 cents or 9.0 percent to \$2.1616/gal, and December RBOB gasoline soaring 17.02 cents or 12.5 percent to \$1.5327/gal. Following a sell-off Monday, the oils rallied amid renewed weakness in the U.S. dollar against the euro and strength in the equity markets ahead of the outcome of today's U.S. presidential election.

**WEATHER COMMENTARY AND LINKS:**

More bullish weather and increased heating demand may be on the horizon for the continental U.S., with the National Weather Service in both its 6-to 10-day and 8- to 14-day forecasts calling for normal to below normal temperatures across much of the nation, with a swath of above normal temperatures anticipated for a portion of the California and Pacific Northwest Coast.

In the tropics, activity continues to simmer without posing any real threat to Gulf of Mexico production. At midmorning, the National Hurricane Center said that a broad low-pressure area over the southwestern Caribbean Sea is drifting north-northwestward and has become slightly better organized over the prior several hours. The area could undergo further slow development over the next couple of days.

NOAA 6-10 DAY TEMP OUTLOOK: <http://www.cpc.ncep.noaa.gov/products/predictions/610day/>

NOAA 8-14 DAY TEMP OUTLOOK: <http://www.cpc.ncep.noaa.gov/products/predictions/814day/>

NOAA 30 DAY TEMP OUTLOOK:

[http://www.cpc.ncep.noaa.gov/products/predictions/30day/off15\\_temp.gif](http://www.cpc.ncep.noaa.gov/products/predictions/30day/off15_temp.gif)