Veles Water Weekly Report:

California Sparks Global Trend in Monitoring Data Centre's Water Consumption

September 25th 2025

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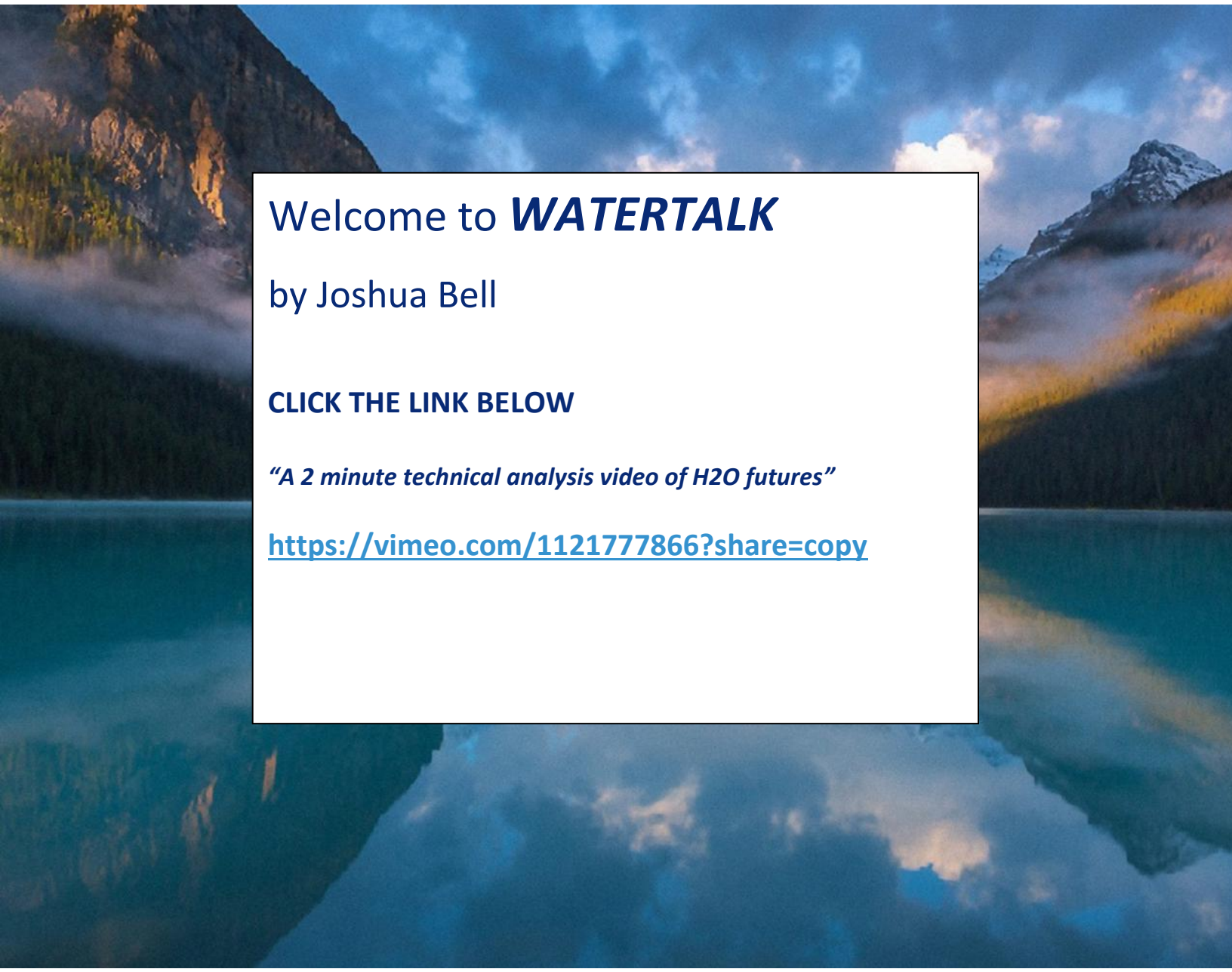
VelesWater

WATER FUTURES MARKET ANALYSIS



Welcome to ***WATERTALK***

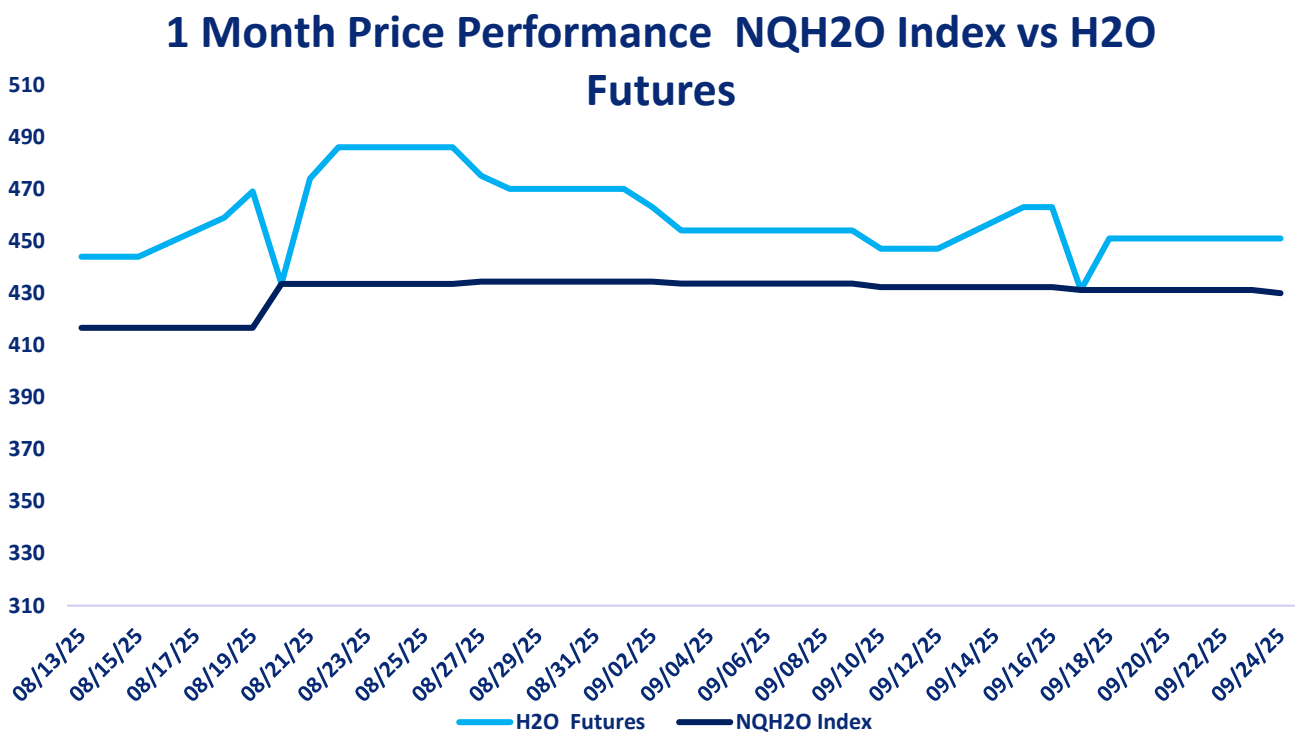
by Joshua Bell

CLICK THE LINK BELOW

"A 2 minute technical analysis video of H2O futures"

https://vimeo.com/1121777866?share=copy

NQH2O INDEX PRICE vs H2O FUTURES PRICE



Price Chart Based upon Daily Close

The new NQH2O index level of $430.02 was published on September 24th, down $1.14 or 0.26% from the previous week. The October contract is considered the front month. The futures prices closed at a premium of $19.84 to $20.98 versus the index over the past week.

Below are the bid offer prices on different expiries being quoted in the market.

Oct 25	445@451
Nov 25	454@479
Dec 25	451@481
June 26	530@560

H2O FUTURES TECHNICAL REPORT

Trend Overview

Current Price: 451 (▲ 0.00%)

Momentum: After a powerful uptrend from the July low (around 320), price action has flattened. The last several sessions show weakening bullish momentum, with a clear rejection of higher prices and a move below short-term moving averages.

Moving Averages

Short-Term (SMA 5–30):

- The 5-day SMA (451) is now flat and converging with price, indicating stalling short-term trend.
- The 10-day SMA (453) has also flattened and now slightly hovers above price, a warning sign for bulls.
- The 20-day SMA (456) and 30-day SMA (460) have started to curl downward and now act as overhead resistance.
- Price is now below all key short-term SMAs, suggesting a short-term pullback or pause is underway.

Long-Term (SMA 100–200):

- The 100-day (387), 120-day (390), and 150-day (400) SMAs are all sloping upward, which is structurally bullish.

- The 200-day SMA (413) is gently rising as well, reinforcing longer-term bullish posture.
- The futures remain above all long-term SMAs, so medium to long-term trend support is intact.

Stochastic Oscillator

%K = 17.39, %D = 38.52

- The %K has crossed below %D, suggesting bearish momentum.
- The indicator has exited overbought conditions and is now in the lower mid-range.
- There is room for more downside before oversold levels are reached.
- Traders should watch for potential bullish reversals near the 20 level on %K.

Resistance and Support Levels

Immediate Resistance:

- 456 to 475: This range is dense with clustered SMAs (20 and 30-day) and the recent local top, which creates a clear resistance zone.
- 500: Psychological round number and historic high, a long-term breakout target.

Support Zones:

- 451 to 441: Current price sits near the 5, 10, and 30-day SMA convergence zone. A break below 441 could trigger deeper retracement.
- 413 to 401: The 200-day and 150-day SMAs form a major structural support band.
- 387 to 390: The 100 and 120-day SMAs form a final line of defense for the bullish trend.

Summary

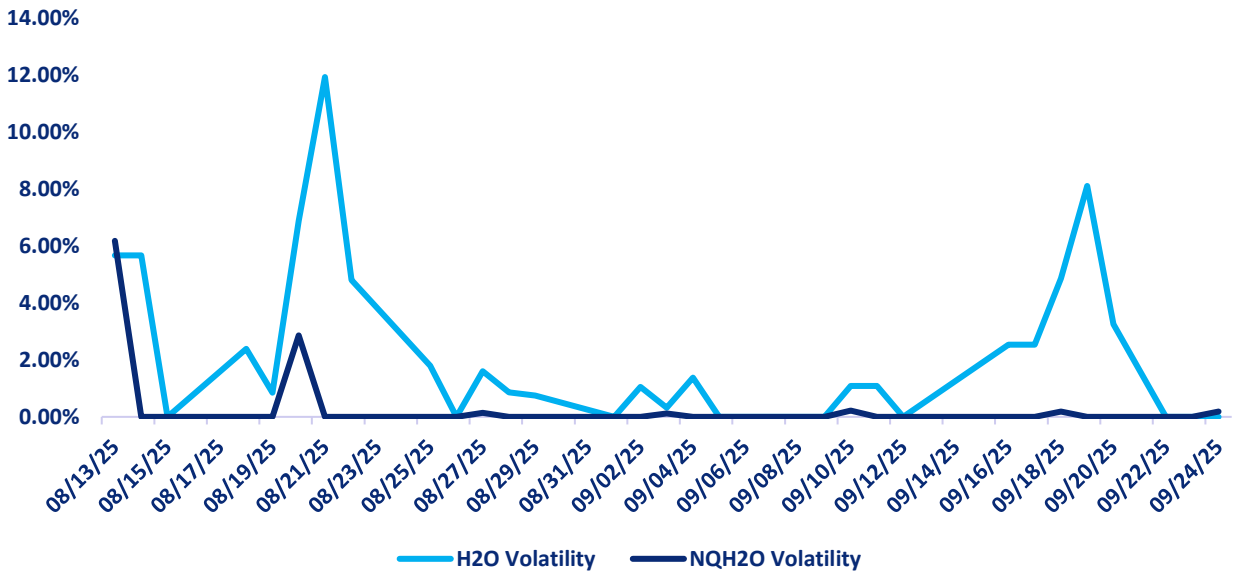
The Nasdaq Veles California Water Index Futures surged from 320 to 475, marking a strong bullish trend. However, the market is now entering a cooling phase, with price currently below short-term moving averages and stochastic momentum weakening.

Despite this pullback, the long-term trend remains bullish, supported by rising 100 to 200 day SMAs. The zone between 401 and 413 will be pivotal for bulls to defend.

Key to watch: Can price reclaim the 20-day SMA at 456 and resume upward momentum, or will it need to retest long-term support at the 200-day SMA (413) before the next leg toward 475 to 500?

H2O FUTURES AND NQH2O INDEX VOLATILITY ANALYSIS

Daily H2O Futures Volatility vs Daily NQH2O Index Volatility



DAILY VOLATILITY

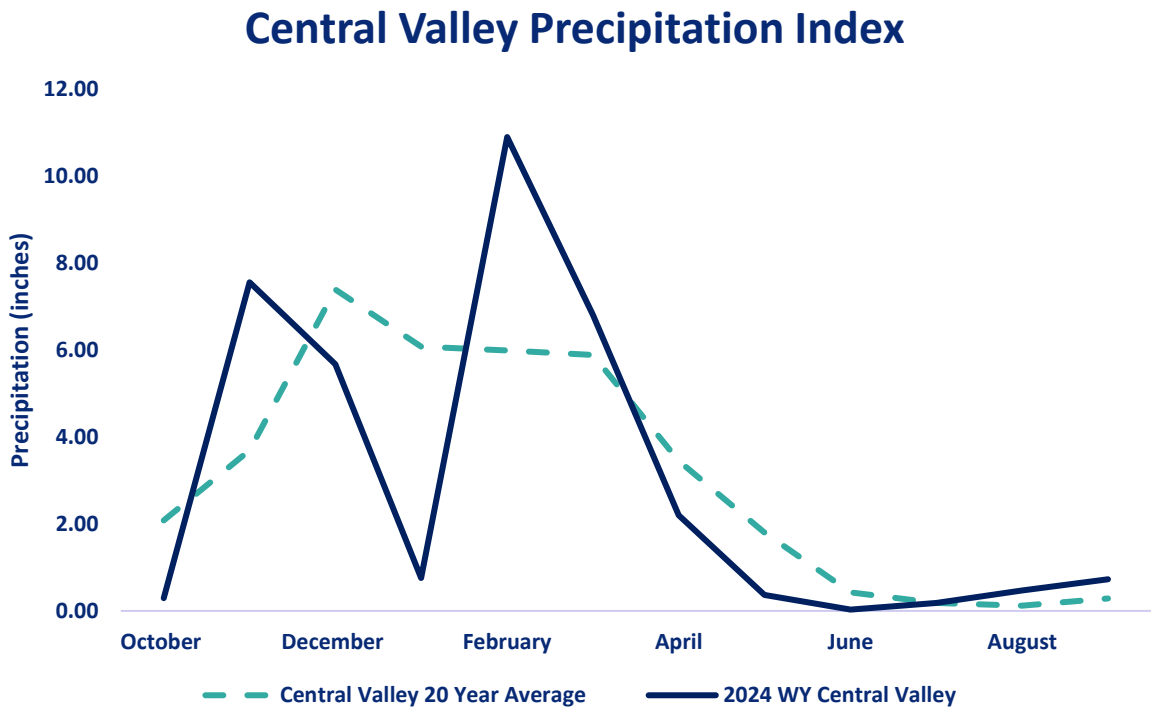
Over the last week the October contract daily future volatility has been 3.25%.

ASSET	1 YEAR (%)	2 MONTH (%)	1 MONTH (%)	1 WEEK (%)
NQH2O INDEX	**19.53%**	**8.79%**	**0.05%**	**0.00%**
H2O FUTURES	N/A	**14.07%**	**9.71%**	**4.60%**

For the week ending on September 24th, the two-month futures volatility is at a premium of 5.27% to the index, up 1.95% from the previous week. The one-month futures volatility is at a premium of 9.66% to the index, down 3.63%. The one-week futures volatility is at a premium of 4.60% to the index volatility.

*The above prices are all **HISTORIC VOLATILITIES**. All readings refer to closing prices as quoted by CME.*

CENTRAL VALLEY PRECIPITATION REPORT



Central Valley

average is calculated using data from 19 weather stations in Central Valley, California.
Data as of 24/09/2025

STATION	MTD (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF 20 YEAR AVERAGE MTD	2025 WYTD VS 2024 WYTD %	2025 WY VS 20 YEAR AVERAGE TO DATE %
SAN JOAQUIN 5 STATION (5SI)	0.81	0.7	321.55	83	81
TULARE 6 STATION (6SI)	0.63	0.47	572.73	80	84
NORTHERN SIERRA 8 STATION (8SI)	0.74	0.08	148.00	91	107
CENTRAL VALLEY AVERAGE	0.73	0.42	252.93	85	91

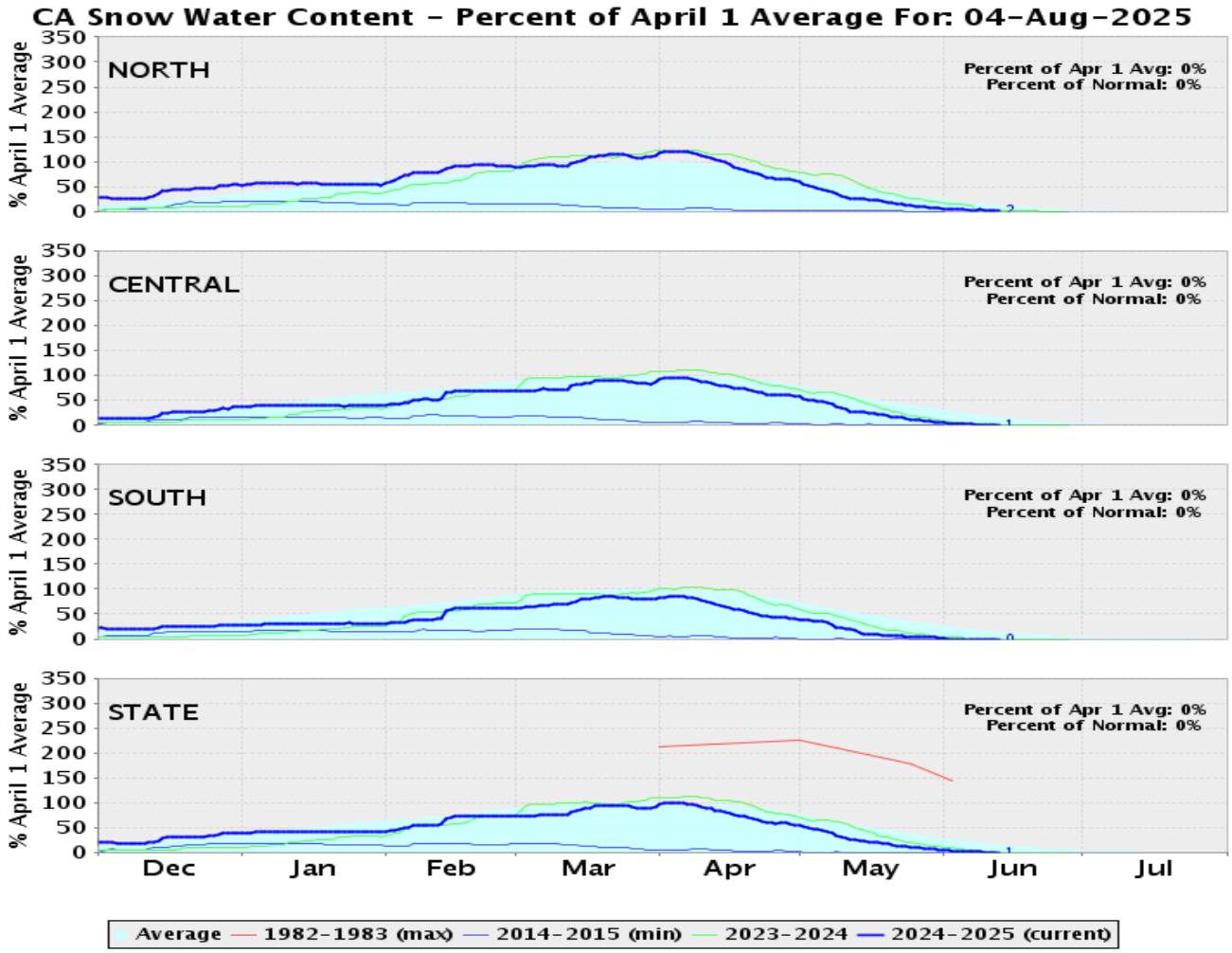
RESERVOIR STORAGE

RESERVOIR	STORAGE (AF)	% CAPACITY	LAST YEAR % CAPACITY	*% HISTORICAL AVERAGE
TRINITY LAKE	1,855,054	76	71	122
SHASTA LAKE	2,717,765	60	62	105
LAKE OROVILLE	2,157,776	63	58	110
SAN LUIS RES	1,005,674	49	51	119

*% Historical Average is based on a daily average that is interpolated from historical monthly averages. The monthly averages are computed using monthly data from water year 1991 to 2024. The monthly averages are updated every 5 years using a sliding 30 year period.

Reference: California Water Data Exchange

SNOWPACK WATER CONTENT



REGION	*SNOWPACK WATER EQUIVALENT (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF AVERAGE LAST YEAR	% OF 20 YEAR HISTORICAL AVERAGE	% OF HISTORICAL **APRIL 1ST BENCHMARK
NORTHERN SIERRA	0	0	0	0	0
CENTRAL SIERRA	0	0	0	0	0
SOUTHERN SIERRA	0	0	0	0	0
STATEWIDE	0	0	0	0	0

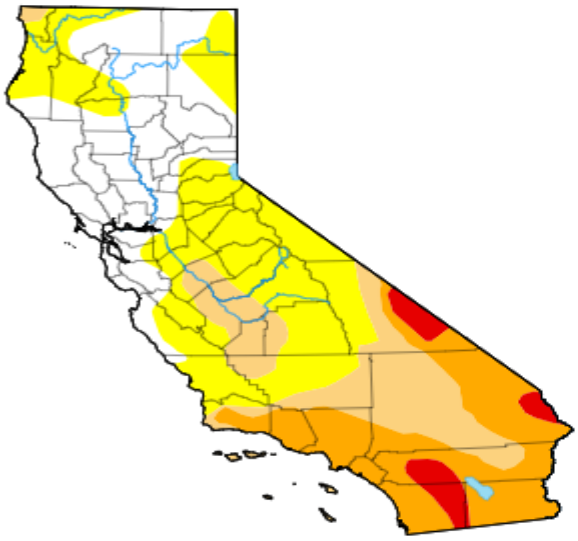
Snow Water Equivalent*, **or SWE**, is a commonly used measurement used by hydrologists and water managers to gauge the amount of liquid water contained within the snowpack. In other words, it is the amount of water that will be released from the snowpack when it melts. SWE has regional variance.**

**** April 1st is used as the benchmark as it when the snowpack in California is generally deepest. It has been used the benchmark date since 1941 by DWR and can be used to predict spring river flow.**

DROUGHT MONITOR

California

Home / California



Map released: Thurs. September 18, 2025
Data valid: September 16, 2025 at 8 a.m. EDT

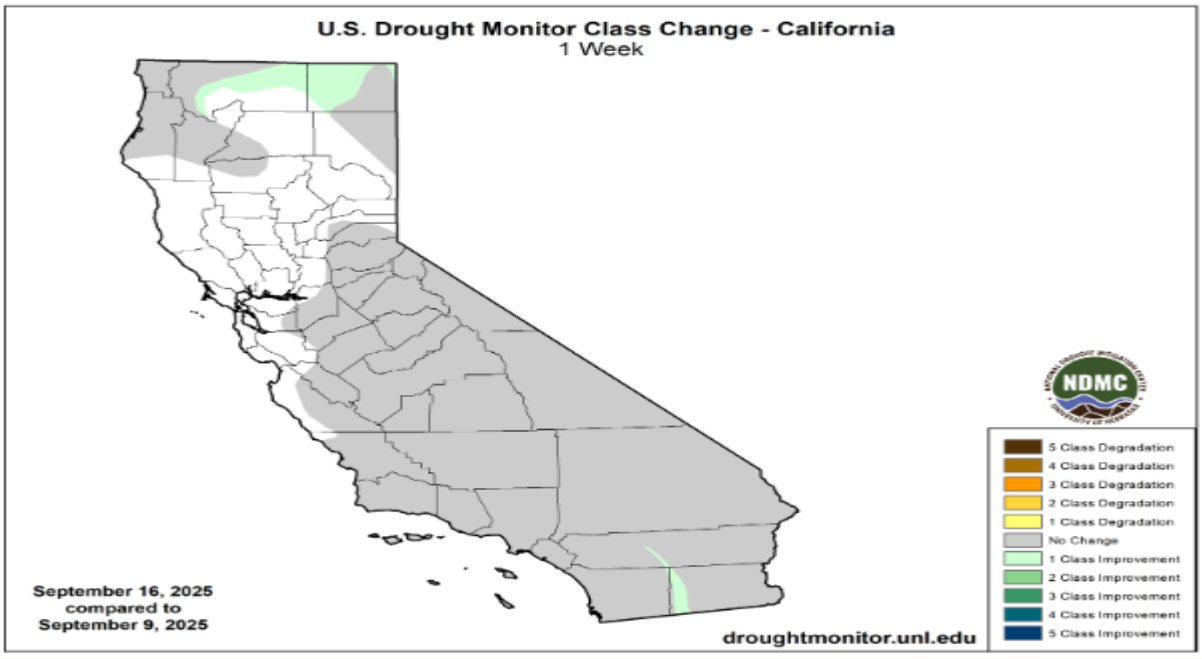
Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

United States and Puerto Rico Author(s):
Adam Allgood, NOAA/NWS/NCEP/CPC

Pacific Islands and Virgin Islands Author(s):
Brad Rippey, U.S. Department of Agriculture

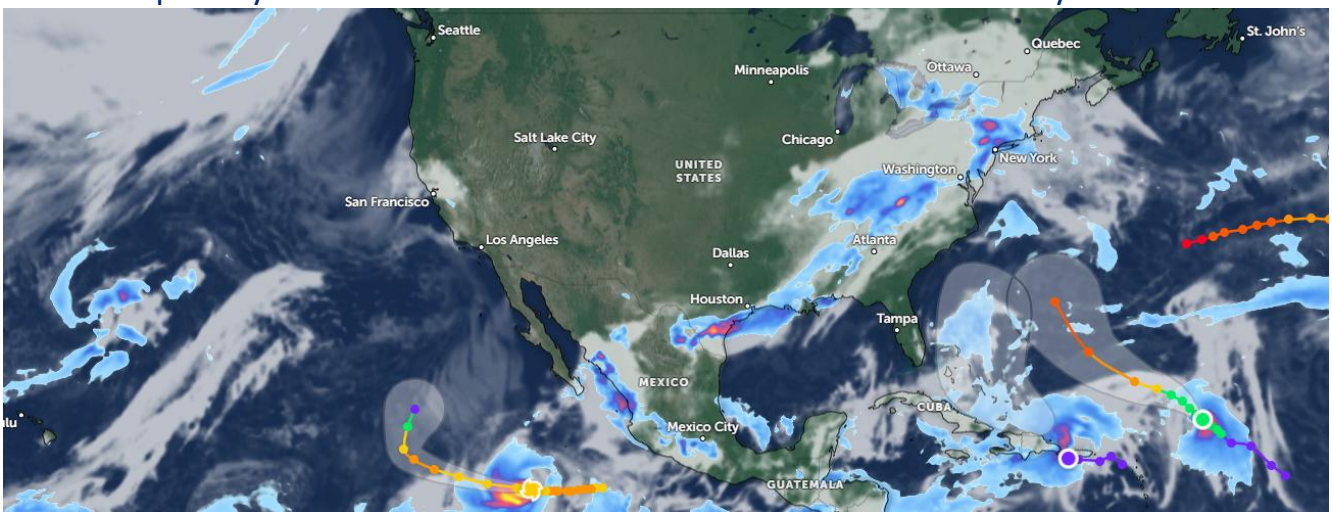


Week	Date	None	D0-D4	D1-D4	D2-D4	D3-D4	D4	DSCI
Current	2025-09-16	26.78	73.22	39.56	23.00	3.49	0.00	139
Last Week to Current	2025-09-09	23.99	76.01	39.56	23.00	3.88	0.00	142
3 Months Ago to Current	2025-06-17	37.73	62.27	39.29	22.98	5.91	0.10	131
Start of Calendar Year to Current	2024-12-31	40.90	59.10	31.52	5.70	1.06	0.00	97
Start of Water Year to Current	2024-10-01	28.40	71.60	10.67	0.08	0.00	0.00	82
One Year Ago to Current	2024-09-17	28.59	71.41	10.67	0.08	0.00	0.00	82

The U.S Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC.

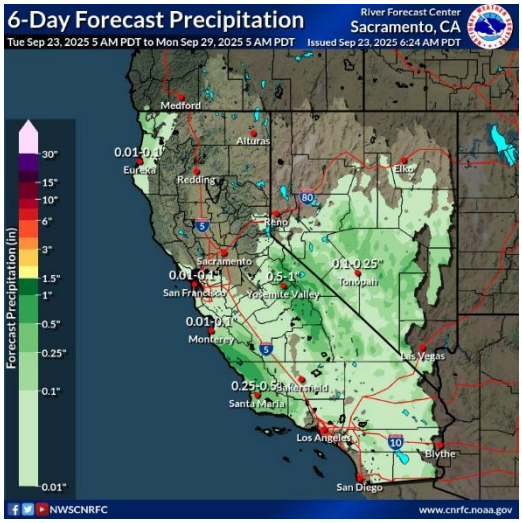
CURRENT SATELLITE IMAGERY

The satellite picture shows a clear Western and Midwest US. A band of storms stretches just south of Houston and bends up in a northeasterly direction along the eastern coastal areas with Florida being clear. Tropical storm activity to the east of the Caribbean looks like it will pass by the continental US and curve back in a northeasterly direction.



10 Day Outlook

Map Ref: Zoom Earth



In between these lows offshore, high pressure will build and shift towards the coast the rest of the work week as the southwest low hovers near Baja. By Friday afternoon, the ridge will be firmly overhead with 500 mb heights exceeding 590 dm. This will keep dry conditions over the region and bring well above normal (+10 to +20 deg F) afternoon temperatures. Overnight lows will also be well above normal by similar amounts through Saturday. Many locations across CA are already under heat related products (please see local WFO pages for heat risk/alert information). Into Sunday, a trough will move through the PacNW as the ridge shifts further inland. Troughing will dig into nrn CA/NV as well while the low offshore of Baja finally begins to move inland. This will provide some relief across the region with coastal areas back to near/below normal and afternoon temperature anomalies inland down to about +5 to +15 deg F.

Reference: National Weather Service / California Nevada RFC / Sacramento CA

WESTERN WEATHER DISCUSSION

Fairly widespread early season precipitation prompted modest reductions to drought coverage across the Northwest, where widespread severe to extreme (D2 to D3) drought conditions remain entrenched. While much above normal for the time of year, accumulations were fairly modest compared to amounts that can occur during the core weeks of the wet season during the winter. Across the Southwest, robust monsoonal moisture warranted a small reduction in coverage of exceptional drought (D4) across southeastern Arizona and southwestern New Mexico. Further west, improving conditions due to early season precipitation across southern California warranted a reduction of abnormal dryness (D0) across Imperial County. Elsewhere, the drought depiction remained largely unchanged.

Reference:
Lindsay Johnson, National Drought Mitigation Center
Richard Tinker, NOAA/NWS/NCEP/CPC

WATER NEWS

CALIFORNIA WATER NEWS

California could start tracking data centers' growing water use

Companies that run data centers are facing increasing scrutiny for guzzling water in the dry western U.S. as artificial intelligence fuels a boom in the industry. New legislation in California would require the facilities to report their projected water use before they begin operating and thereafter certify how much they use annually. The bill is now awaiting Gov. Gavin Newsom's signature.
Original Article: The LA Times by Ian James

Meadows and Watersheds: Rehydrating California's headwaters to bolster supply and ecosystems

In the face of continuing drought and stressed water systems, the Department of Water Resources is prioritizing meadow and wetland restoration across critical headwater regions. These projects aim to deliver multiple benefits: improved baseflow, sediment control, habitat support, and added resilience under climate variability.
Original Article: California Department of Water Resources (DWR)

Benicia tells refineries and big users to cut water as pipeline repair drags on

The city of Benicia has ordered major industrial and commercial water users - including refineries - to cut consumption as officials await repair of a ruptured water pipeline. The directive reflects growing strain on aging water infrastructure amid dry forecasts and regional supply constraints.
Original Article: San Francisco Chronicle by Aldo Toledo

Governor appoints new member to State Water Resources Control Board

Gov. Gavin Newsom announced today a appointment to the State Water Resources Control Board. The new member has experience in regulatory oversight and will address evolving demands in water permitting, quality enforcement, and infrastructure funding.
Original Article: Office of Governor Gavin Newsom

State Water Board details more than $2 billion for drinking water and wastewater upgrades

The State Water Board released details of new and ongoing funding allocations expected to exceed $2 billion for safe drinking water and wastewater infrastructure. The

commitments include grants and low-interest loans designed to assist disadvantaged communities and system upgrades statewide.
Original Article: State Water Resources Control Board

New Desalination Facility is a Major Milestone for Drought-Smart Infrastructure Solutions in the Delta

New Desalination Facility is a Major Milestone for Drought-Smart Infrastructure Solutions in the Delta

Following several years of planning and investment, the City of Antioch has reached a climate-resilient milestone: a new brackish water desalination facility near its existing water treatment plant.
The facility, supported by $10 million in Proposition 1 desalination grant funding from the Department of Water Resources (DWR) and a $60 million low-interest loan from the California Water Boards' Drinking Water State Revolving Fund, will produce up to 6 million gallons per day of treated drinking water —an important boost to regional supply reliability amid rising salinity in the San Joaquin River.
Original Article: California Department of Water Resources (DWR)

Kingsbury GID awards contract for West Lake Tahoe Water Treatment Plant upgrades

The Kingsbury General Improvement District announced its award of a major contract for upgrades to the West Lake Tahoe water treatment plant. The project is intended to bolster system reliability, improve water quality, and reduce operational risk in a sensitive watershed area.
Original Article: State Water Resources Control Board

US WATER NEWS

A $2.6 billion Texas water bond deluge is set for market

The Texas Water Development Board will sell its largest-ever bond issue this week as part of a $2.6 billion, two-deal offering and ahead of a November election on a proposed constitutional amendment to earmark more state money to boost water supplies amid increasing demand.
A $1.87 billion State Water Implementation Revenue Fund for Texas bond issue is scheduled to price Wednesday — the largest SWIRFT issuance since the program's inception.
Original Article: The Bond Buyer by Karen Pierog

Cities rank water systems as top infrastructure need in new survey

In a newly released survey of U.S. municipalities, over 70 percent of respondents listed water and sewer infrastructure as their top capital priority. Many cited aging systems, tighter regulations, and revenue pressures as motivating factors.
Original Article: The Bond Buyer by Caitlin Devitt

New York makes $176 M available for local water and sewer projects

Gov. Kathy Hochul announced the allocation of $176 million to bolster drinking water and wastewater projects across New York State. The funds will support grants and low-interest financing for lead service line replacement, treatment upgrades, and resilience projects.
Original Article: Office of Governor Kathy Hochul

WaterBridge raises $634 M in U.S. IPO to expand produced-water midstream network

WaterBridge, a Delaware Basin–focused produced-water midstream company, raised $634 million in its U.S. initial public offering. The capital will accelerate the company's expansion of water gathering, recycling, and disposal infrastructure supporting oil and gas operations.
Original Article: Reuters

Louisiana bond commission clears $775 M sewer refunding plan

The East Baton Rouge Sewerage Commission's plan to refund $775 million in sewer bonds was approved by the Louisiana Bond Commission. The move aims to reduce debt service costs and provide more flexibility for capital projects without raising rates.
Original Article: The Bond Buyer by Robert Slavin

NOAA September ENSO update: La Niña likely to persist into winter

The latest international climate models indicate a strong probability that La Niña conditions will continue through the Northern Hemisphere winter. These conditions typically signal drier-than-average outcomes in parts of the southern U.S. and heightened strain on water availability.
Original Article: NOAA Climate.gov

GLOBAL WATER NEWS

Typhoon Ragasa lashes Hong Kong and heads toward southern China, triggering floods

The super typhoon Ragasa made landfall near Hong Kong with hurricane-force winds and deluged the region with heavy rain. Flooding and landslides disrupted infrastructure and water systems across southern China.
Original Article: Reuters by Jessie Pang and David Kirton

World Bank opens Global Infrastructure & Water hub in Riyadh

The World Bank officially inaugurated its Global Infrastructure & Water Hub in Riyadh, aimed at coordinating project preparation, investment, and advisory services across water and infrastructure sectors in emerging markets. The hub is expected to mobilize financing, technical support, and regional strategic alignment for major water and climate-resilient systems.
Original Article: World Bank

Sustainable Switch: AI's soaring energy and water footprint draws scrutiny

Artificial intelligence's growth is drawing attention not just to its electricity demands, but increasingly to its water footprint. As data center deployment accelerates globally, critics worry the burden on cooling and local water resources could escalate environmental and regulatory conflicts.
Original Article: Reuters by Sharon Kits Kimathi

ADB approves $450M for West Bengal climate-resilient water and irrigation upgrades

The Asian Development Bank has approved a $450 million loan to support climate-resilient water and irrigation infrastructure in West Bengal, India. The funding will finance resilient canals, improved drainage, and water storage capacity to mitigate flooding and water scarcity.
Original Article: Asian Development Bank

Indonesia: Deadly Bali floods expose drainage and river-management weaknesses

Torrential rains triggered severe flooding in Bali, killing at least 18 people and revealing gaps in drainage, river systems, and planning. Officials acknowledged the disaster highlighted vulnerabilities in infrastructure and watershed management.
Original Article: Reuters

ADB approves $100M for Fiji's water security and climate resilience

The Asian Development Bank committed $100 million to strengthen water security and climate resilience in Fiji. The program will expand storage, treatment, and distribution systems while hardening assets against extreme weather and drought.
Original Article: Asian Development Bank

Note the attachment is not an inducement to trade and Veles Water does not give advice on investments.