

Veles Water Weekly Report:

Los Angeles is Selling \$977.7 Million of Tax Exempt Bonds for Water System Upgrades

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VelesWater



WATER FUTURES MARKET ANALYSIS

Welcome to ***WATERTALK***

by Joshua Bell

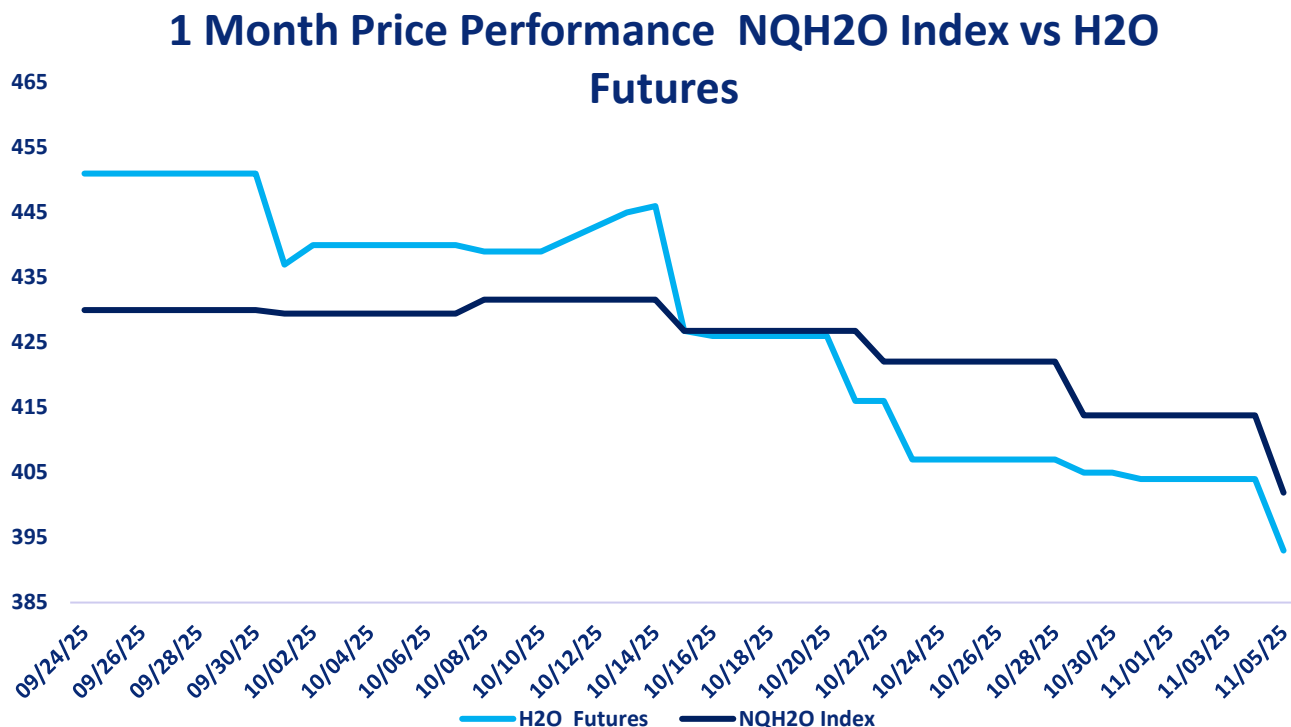
CLICK THE LINK BELOW

"A 2 minute technical analysis video of H2O futures"

[https://vimeo.com/1134130043?share=copy&fl=sv
&fe=ci](https://vimeo.com/1134130043?share=copy&fl=sv&fe=ci)



NQH2O™ INDEX PRICE vs H2O FUTURES PRICE



Price Chart Based upon Daily Close

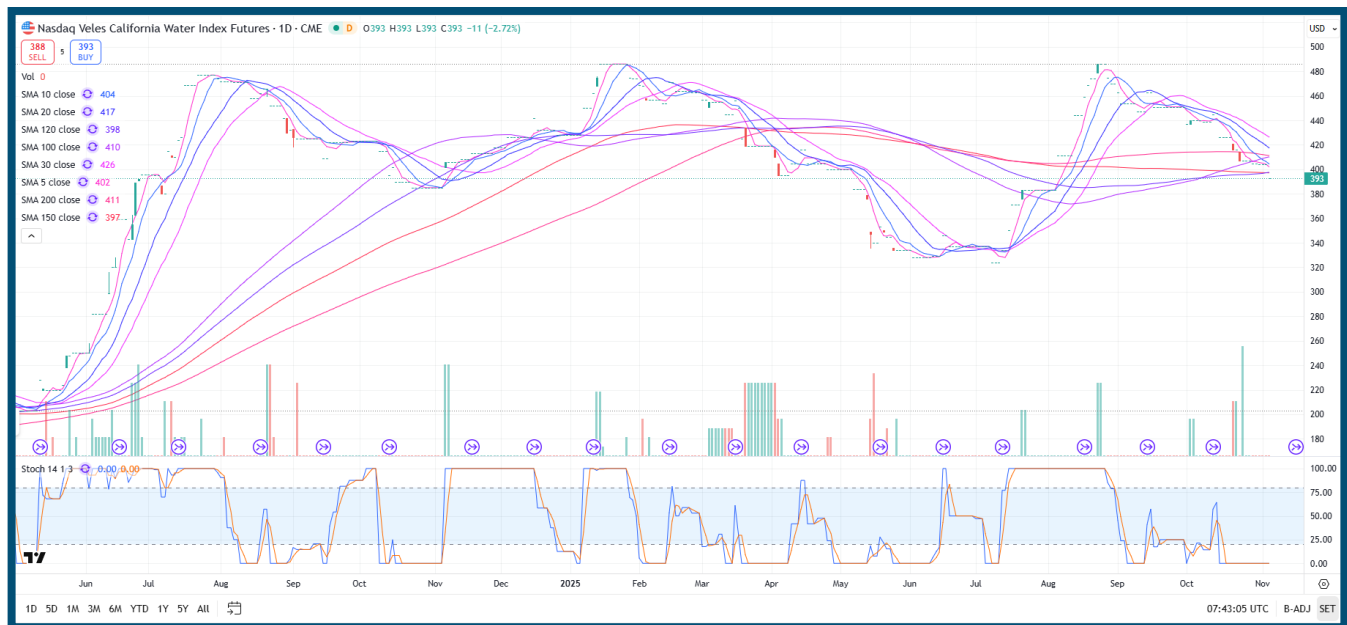
The new NQH2O index level of \$401.91 was published on November 5th, down \$11.89 or 2.87% from the previous week. The November contract is considered the front month. The futures prices closed at a discount of \$8.91 to \$9.80 versus the index over the past week.

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

Nov 25	388@393
Dec 25	352@370
June 26	440@460



H2O FUTURES TECHNICAL REPORT



Trend Overview

Current Price: 393 (▼ -2.72%)

Momentum:

The recent decline has accelerated, confirming continued downward momentum. Price has rejected attempts to stabilise and is now trading well below key moving averages. With both %K and %D at 0.00 on the stochastic oscillator, selling pressure is dominant and oversold conditions are fully confirmed.

Moving Averages

Short-Term (SMA 5-30)

- **SMA 5:** 402
- **SMA 10:** 404
- **SMA 20:** 417
- **SMA 30:** 426

Analysis:

The current price is decisively below all short-term SMAs, a strong bearish signal. Both the 5-day and 10-day SMAs have begun to curl downward, showing that short-term momentum has shifted firmly in favour of sellers. The 20-day and 30-day SMAs form a heavy resistance band between 417 and 426, likely to cap any short-lived rebound attempts.



Continued rejection beneath the 5 and 10 SMAs confirms ongoing weakness in the short-term trend.

Long-Term (SMA 100-200)

- **SMA 100:** 410
- **SMA 120:** 398
- **SMA 150:** 397
- **SMA 200:** 411

Analysis:

The price has now broken below the 100-day and 200-day SMAs, placing the long-term trend under pressure.

The 200-day SMA (411) has now flipped into resistance, reinforcing bearish control.

Stochastic Oscillator

- **%K:** 0.00
- **%D:** 0.00

Analysis:

Both lines are pinned at zero, indicating extreme oversold conditions and maximum downside momentum.

While this often precedes a short-term relief bounce, no reversal signal exists until %K crosses back above %D.

Current configuration reflects heavy selling and exhausted buyers, with the possibility of further downside before any meaningful recovery.

Resistance & Support Levels

Resistance Zones

402-410: Cluster of short-term SMAs (5, 10) plus the 100-day SMA. This is now primary overhead resistance.

417-426: The 20 and 30 SMAs form a secondary, stronger resistance band.

450: Former structural pivot; now a distant upside target until the trend stabilises.

Support Zones

380: The next historical swing low and psychological support. A break here would indicate significant structural deterioration.

Summary

The Nasdaq Veles California Water Index Futures closed at 393 after a sharp -2.72% decline. Price now sits below all major moving averages, including long-term supports such as the 100 and 200 SMAs. The stochastic oscillator at zero confirms extreme oversold conditions, but without any technical sign of reversal.

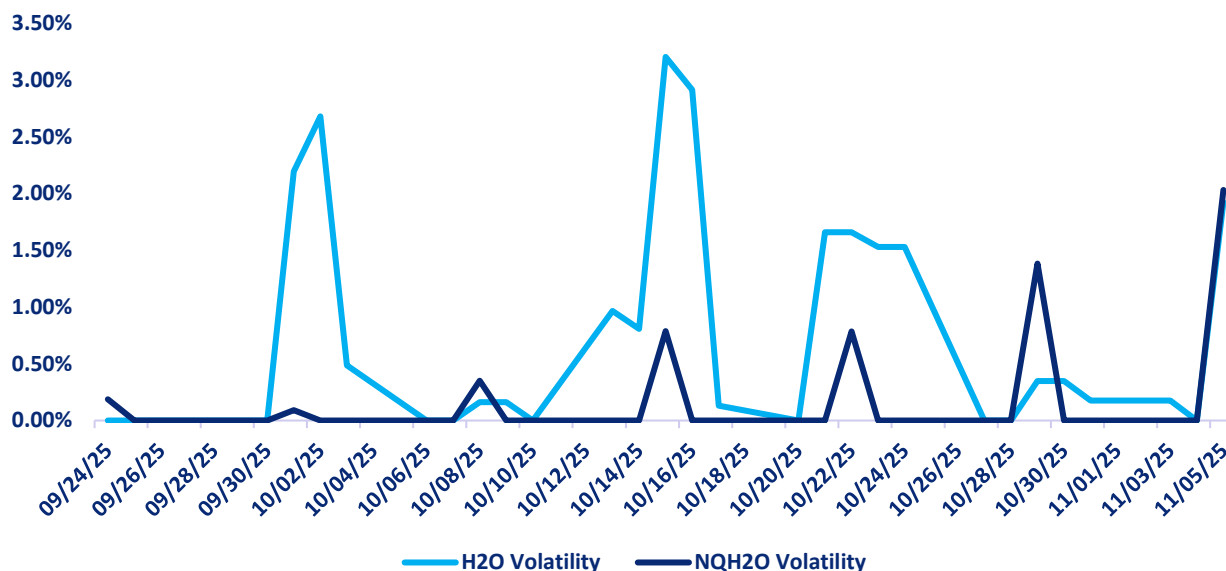


The key test now lies at 380. To regain any bullish traction, price must reclaim the 402-410 band, beginning with a break back above the 5 and 10-day SMAs. For now, the trend structure remains bearish with elevated downside risk, despite the possibility of a short-term oversold bounce.



H2O FUTURES AND NQH2O INDEX VOLATILITY ANALYSIS

Daily H2O Futures Volatility vs Daily NQH2O Index Volatility



DAILY VOLATILITY

Over the last week the November contract daily future volatility has been 1.93%.

ASSET	1 YEAR (%)	2 MONTH (%)	1 MONTH (%)	1 WEEK (%)
NQH2O INDEX	19.06%	2.85%	1.76%	0.92%
H2O FUTURES	N/A	14.07%	5.85%	2.67%

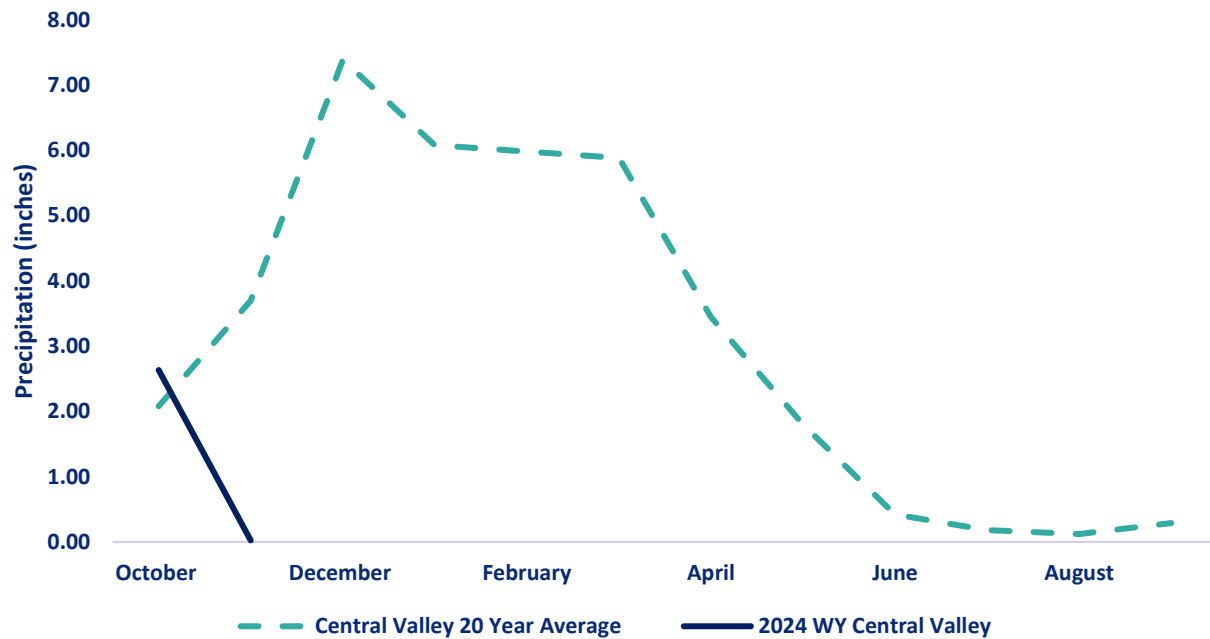
For the week ending on November 5th, the two-month futures volatility is at a premium of 12.02% to the index, down 0.81% from the previous week. The one-month futures volatility is at a premium of 4.09% to the index, up 0.5%. The one-week futures volatility is at a premium of 1.75% to the index volatility.

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



CENTRAL VALLEY PRECIPITATION REPORT

Central Valley Precipitation Index



Central Valley average is calculated using data from 19 weather stations in Central Valley, California.
Data as of 05/11/2025

STATION	MTD (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF 20 YEAR AVERAGE MTD	2026 WYTD VS 2025 WYTD %	2026 WY VS 20 YEAR AVERAGE TO DATE %
SAN JOAQUIN 5 STATION (5SI)	0	0	0.00	11	106
TULARE 6 STATION (6SI)	0	0	0.00	1	159
NORTHERN SIERRA 8 STATION (8SI)	0.07	0.07	1.35	42	88
CENTRAL VALLEY AVERAGE	0.02	0.02	0.63	18	118

RESERVOIR STORAGE

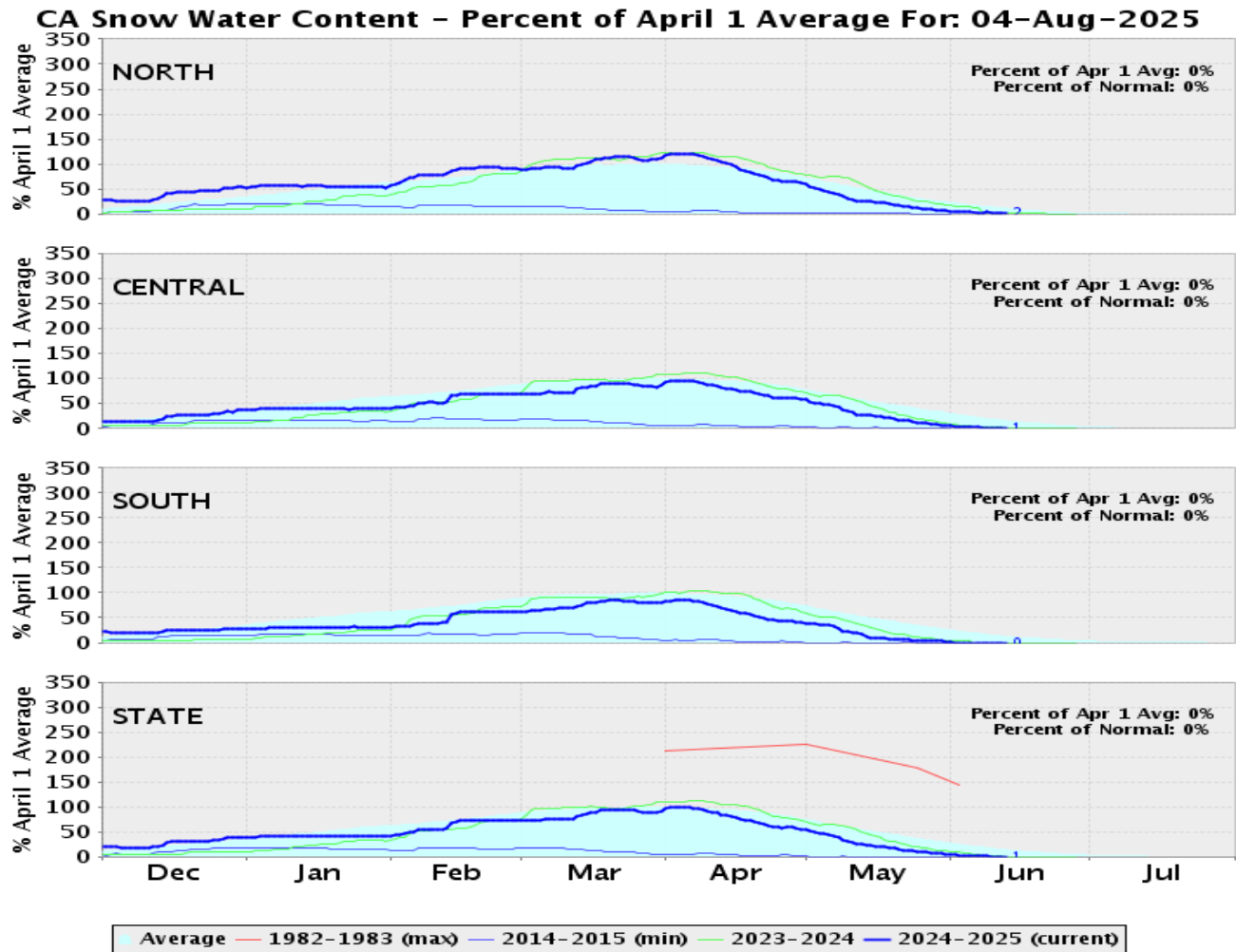
RESERVOIR	STORAGE (AF)	% CAPACITY	LAST YEAR % CAPACITY	*% HISTORICAL AVERAGE
TRINITY LAKE	1,732,022	71	66	122
SHASTA LAKE	2,538,781	56	57	104
LAKE OROVILLE	1,818,250	53	50	101
SAN LUIS RES	1,075,029	53	52	116

*% 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	0.5	0.5	18	18	2
CENTRAL SIERRA	0.2	0.2	6	6	1
SOUTHERN SIERRA	0	0	0	0	0
STATEWIDE	0.2	0.2	7	7	1

*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.

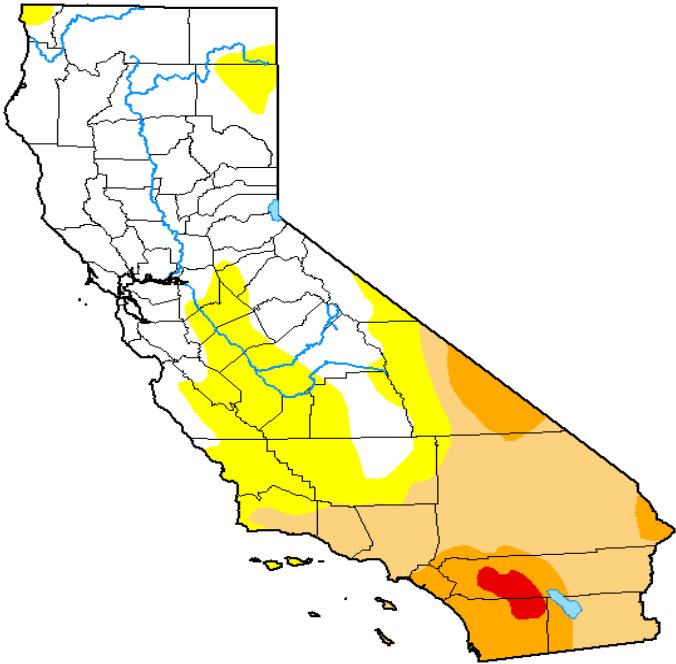
** April 1st is used as the benchmark as it when the snowpack in California is generally deepest. It has been used the benchmark date since 1941 by DWR and can be used to predict spring river flow.



DROUGHT MONITOR

U.S. Drought Monitor
California

October 28, 2025
(Released Thursday, Oct. 30, 2025)
Valid 8 a.m. EDT



	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	47.18	52.82	31.83	9.58	1.10	0.00
Last Week 10-21-2025	42.78	57.22	32.14	9.58	1.10	0.00
3 Months Ago 07-28-2025	23.98	76.02	39.56	23.01	5.90	0.10
Start of Calendar Year 01-01-2025	39.11	60.89	35.93	10.43	1.06	0.00
Start of Water Year 09-30-2025	26.78	73.22	38.52	18.61	1.25	0.00
One Year Ago 10-29-2024	25.37	74.63	12.26	4.30	0.00	0.00

Intensity:

None	D2 Severe Drought
D0 Abnormally Dry	D3 Extreme Drought
D1 Moderate Drought	D4 Exceptional Drought

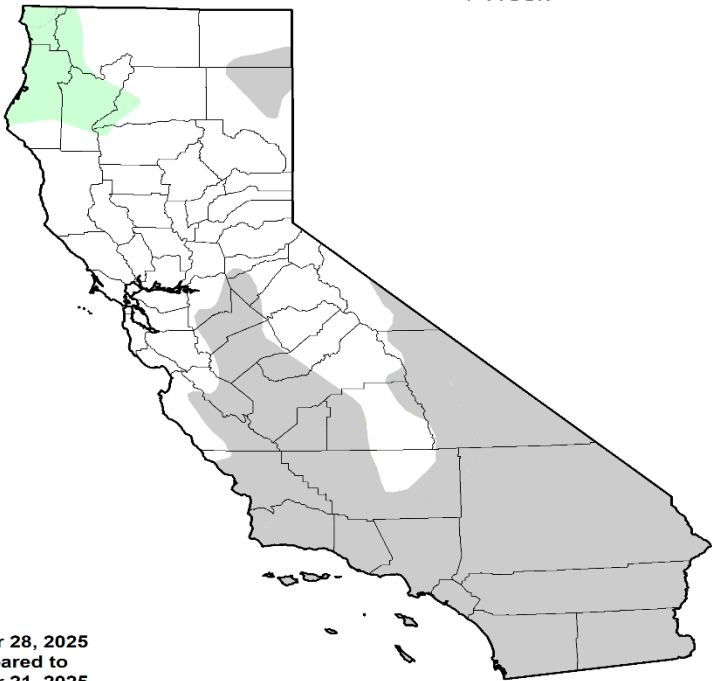
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:
Richard Tinker
CPC/NOAA/NWS/NCEP



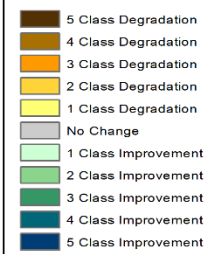
droughtmonitor.unl.edu

U.S. Drought Monitor Class Change - California
1 Week



October 28, 2025
compared to
October 21, 2025

droughtmonitor.unl.edu

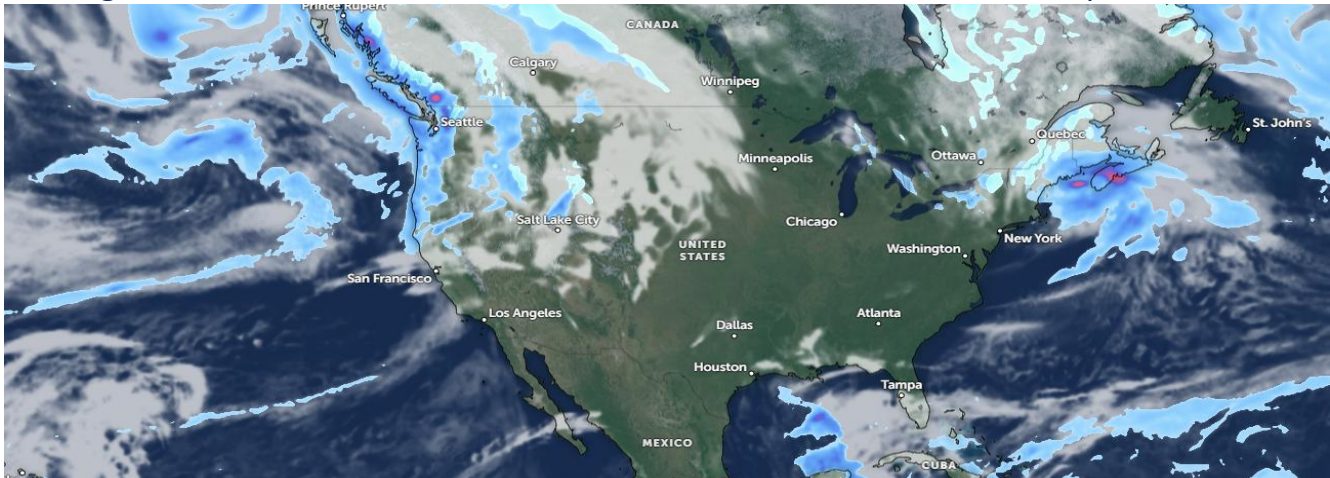


The U.S Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC.



CURRENT SATELLITE IMAGERY

The satellite picture shows significant moisture inflow from the Pacific into the northwestern US and Canada from bands of storm activity. Mostly clear in the Southwest and Midwest and eastwards to New York. Some storm activity exiting the Maine area moving out over the Atlantic. Some unsettled weather over the Florida peninsula.

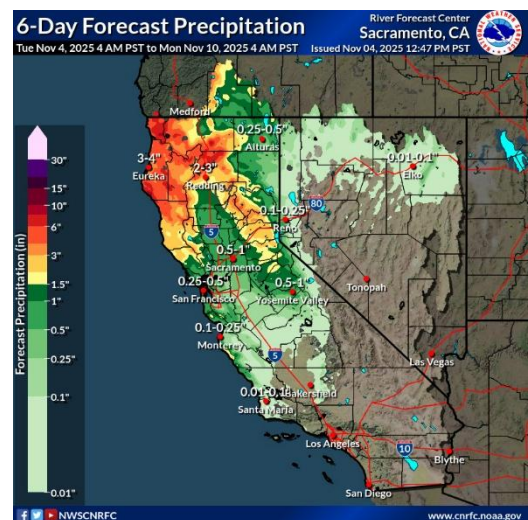


10 Day Outlook

Afternoon forecasts have adjusted QPF slightly throughout the next three days with pockets of increases of 0.25 to 1.5 inches over the North Coast and Shasta Drainage where onshore moisture flux associated with the strong atmospheric river through the next 48 to 72 hours will be strongest. Most of the increases over the Shasta Basin were done so using the NBM and other higher-resolution guidance that favors strong southerly flow within the northern Sacramento Valley that would favor orographic ascent over the northern portions of the Valley. Decreases were made over the northern

Sierra (Feather Basin) where the NBM has been relatively high compared to the consistently lower EC and GFS. Adjustments will be made across the forecast area as new guidance is updated. Additional atmospheric river activity is forecast to bring lighter precipitation to locations across the north with relatively modest precipitation accumulations and shower activity throughout the rest of the week beginning on Thursday. Most of this shower activity is confined to the North Coast though a few hundredths to a couple tenths could spread as far south as Sonoma County along the Coast and Donner Pass along the Sierra on Friday into Saturday morning.

Map Ref: Zoom Earth



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



WESTERN WEATHER DISCUSSION

Following substantial changes across the West Region last week, conditions generally persisted across all but the northern tier of the West Region, with no changes made relative to last week across New Mexico, Arizona, Utah, Nevada, and most of California. Across the northern tier of the West Region, heavy precipitation engendered improvement in a few areas, mostly across northern California, Oregon, and Washington from the Cascades to the Pacific Coast. Many locations in the higher elevations of Washington and near the Washington and northern Oregon coastline measured over 3 inches of precipitation, with scattered amounts of 4 to locally over 8 inches recorded, particularly in northwestern and north-central Washington. Farther east, recent precipitation led to some improvement across western Montana and northern Idaho while, to the east, recent deficient precipitation totals led to deterioration across north-central Montana.

Reference:

Lindsay Johnson, National Drought Mitigation Center

Richard Tinker, NOAA/NWS/NCEP/CPC



WATER NEWS

CALIFORNIA WATER NEWS

Cadiz Executes Definitive Agreement with Lytton Rancheria for \$51M Investment in Mojave Groundwater Bank

Author/Source: Cadiz Inc. (Press Release via PR Newswire)

URL: <https://www.prnewswire.com/news-releases/cadiz-executes-definitive-agreement-with-lytton-rancheria-of-california-for-51-million-investment-in-mojave-groundwater-bank-in-first-tranche-of-project-financing-302596771.html>

Date: 2025-10-28

Summary: Cadiz secured up to \$51M in convertible financing from Lytton Rancheria to fund the first tranche of its Mojave Groundwater Bank, advancing a major private groundwater-banking initiative in California.

Los Angeles to Offer \$977.7 Million of Bonds for Water System Upgrades

Author/Source: Andrew Bary / Dow Jones Newswires via Morningstar

URL: <https://www.morningstar.com/news/dow-jones/202510276898/los-angeles-to-offer-9777-million-of-bonds-for-water-system-upgrades>

Date: 2025-10-27

Summary: LADWP plans a ~\$1B revenue-bond issuance to fund large-scale water system upgrades, adding notable supply to the California water-muni market.

California Water Service Group Reports Strong Q3 2025 Results

Author/Source: California Water Service Group (Company Release)

URL: <https://www.calwatergroup.com/news/press-releases/detail/719/leading-water-utility-california-water-service-group-reports-strong-third-quarter-2025-results>

Date: 2025-10-30

Summary: Cal Water reported robust Q3 performance and continued capex growth tied to system modernization and regulated rate-base expansion.

Metropolitan Water District Board Packet: Property-Tax Limitation Hearing & 10-Year Forecast

Author/Source: Metropolitan Water District of Southern California (Board Filing)

URL: <https://mwdh2o.legistar.com/gateway.aspx?ID=3db57917-9a7f-436f-b91f-3f9b1d9ce50c.pdf&M=F>

Date: 2025-10-30

Summary: Board materials outline MWD's long-range finance forecast and tax limitation hearing, signaling forward revenue strategy and debt planning.



VELES WATER WEEKLY REPORT

Proposition 4 Climate Bond Appropriations Approved

Author/Source: California Department of Water Resources (State Notice)

URL: <https://water.ca.gov/News/Public-Notices/2025/Oct-25/Notice-of-Proposition-4-Appropriations-Approved>

Date: 2025-10-22

Summary: DWR confirmed release of Prop 4 funds, enabling state grants for groundwater, drought resilience, and water-infrastructure programs.

Draft California Groundwater Update 2025 — Public Webinar Notice

Author/Source: California Department of Water Resources (Public Notice)

URL: <https://water.ca.gov/News/Events/2025/Oct-25/Draft-Californias-Groundwater-Update-2025-Webinar>

Date: 2025-10-25

Summary: DWR will present its statewide groundwater update, shaping GSA planning, recharge investments, and SGMA-compliance pathways.

California Prepares for La Niña and Water Uncertainty

Author/Source: Charlie Roberts / Valley Ag Voice

URL: <https://www.valleyagvoice.com/california-prepares-for-la-nina-and-water-uncertainty/>

Date: 2025-10-31

Summary: Producers anticipate continued La Niña patterns and delivery uncertainty into winter, affecting irrigation demand and hedging in California agriculture.

US WATER NEWS

American Water and Essential Utilities to Merge in All-Stock Deal

Author/Source: David French / Reuters

URL: <https://www.reuters.com/sustainability/land-use-biodiversity/american-water-works-essential-utilities-merge-2025-10-27/>

Date: 2025-10-27

Summary: U.S. water-sector consolidation accelerates as AWK and WTRG announce an all-stock merger, creating the largest regulated water platform in the country.

American Water Reports Q3 2025 & Initiates 2026 Guidance

Author/Source: American Water (Investor Release)

URL: <https://ir.amwater.com/news-and-events/financial-releases/financial-release-details/2025/AMERICAN-WATER-REPORTS-STRONG-THIRD-QUARTER-2025-RESULTS->



[AFFIRMS-LONG-TERM-TARGETS-AND-2025-EPS-GUIDANCE-INITIATES-2026-EPS-GUIDANCE-REFLECTING-GROWTH-OF-8-ANNOUNCED-MERGER-WITH-ESSENTIAL-UTILITIES-EXPECTED-CLOSING-Q1-2027/default.aspx](#)

Date: 2025-10-29

Summary: AWK delivered strong Q3 earnings and issued 2026 guidance while detailing expected merger synergies and capex needs.

Essential Utilities Q3 Earnings Call Announcement

Author/Source: Essential Utilities (Investor Relations)

URL: <https://www.essential.co/news-releases/news-release-details/essential-utilities-report-earnings-q3-2025>

Date: 2025-10-22

Summary: Essential Utilities confirmed Q3 earnings schedule with investor focus on capex pacing and merger disclosures.

Virginia American Water Files Rate Request Backed by \$115M in Investment

Author/Source: Business Wire Staff / Business Wire via Morningstar

URL: <https://www.morningstar.com/news/business-wire/20251103675230/virginia-american-water-files-rate-request-driven-by-more-than-115-million-in-investment>

Date: 2025-11-03

Summary: Virginia American Water filed for rate adjustments tied to \$115M in improvements, highlighting sector-wide capex inflation and tariff-reset cycles.

NOAA Issues Updated 30-Day Climate Outlook

Author/Source: NOAA Climate Prediction Center (Federal Publication)

URL: <https://www.cpc.ncep.noaa.gov/products/predictions/30day/>

Date: 2025-10-31

Summary: NOAA forecasts sustained La Niña conditions, influencing water-supply risk, hydropower projections, and Western allocation expectations.

Federal Water Tap — Rio Grande Delivery Deficit & Western Drought Updates

Author/Source: Brett Walton / Circle of Blue

URL: <https://www.circleofblue.org/newsletter/federal-water-tap-november-3-2025-army-corps-approves-new-oil-pipeline-route-around-tribes-land-in-northern-wisconsin/>

Date: 2025-11-03

Summary: Federal briefing notes Mexico's Rio Grande delivery deficit and active drought-policy decisions across the West, shaping allocation and legal risk.



Ecolab Misses Q3 Forecast on Softer Industrial Water Demand

Author/Source: Ananya Mariam Rajesh / Reuters

URL: <https://www.reuters.com/business/ecolab-misses-quarterly-profit-forecast-softer-demand-its-water-solutions-2025-10-28/>

Date: 2025-10-28

Summary: Softer industrial water-treatment demand pressured Ecolab results, hinting at moderation in industrial water capex cycles.

GLOBAL WATER NEWS

Thames Water Defers Price Appeal to Pursue Rescue Plan

Author/Source: Sarah Young / Reuters

URL: <https://www.reuters.com/sustainability/land-use-biodiversity/thames-water-defers-bill-challenge-pursue-rescue-plan-2025-10-21/>

Date: 2025-10-21

Summary: Thames Water paused its price-control appeal as it focuses on restructuring, underscoring regulatory stress and funding risk in UK water utilities.

ADB Approves \$233.2M Loan for Georgia Water Supply Expansion

Author/Source: Asian Development Bank (Press Release; reported by AzerNews Staff)

URL: <https://www.azernews.az/region/249380.html>

Date: 2025-10-27

Summary: ADB will fund a major water-infrastructure expansion in Georgia, highlighting MDB-driven water-security investment in Eastern Europe.

ADB Approves \$101M Loan to Strengthen Drinking-Water in West Bengal

Author/Source: Asian Development Bank (Press Release)

URL: <https://www.adb.org/news/adb-approves-101-million-loan-strengthen-drinking-water-services-west-bengal>

Date: 2025-10-22

Summary: The loan will improve water-supply systems in West Bengal, adding to India's expanding municipal-water investment pipeline.

Ecolab: AI-Driven Water Use Risks Underestimated by Consumers

Author/Source: Lucy Buchholz / Sustainability Magazine

URL: <https://sustainabilitymag.com/news/ecolab-consumers-dont-know-the-scale-of-ai-water-problem>

Date: 2025-11-03



Summary: Ecolab study shows low public awareness of AI-driven water demand, emphasizing growing stress on municipal and industrial water systems.

The Rise of Industrial AI: From Words to Watts

Author/Source: Felicia Jackson / Forbes

URL: <https://www.forbes.com/sites/feliciajackson/2025/11/04/the-rise-of-industrial-ai-from-words-to-watts/>

Date: 2025-11-04

Summary: Data-center water demand could grow six-fold due to AI expansion, creating new supply-security, infrastructure and pricing pressures.

UK Canals and Rivers Face Funding Crisis Amid Climate Pressures

Author/Source: Charlie West / The Guardian

URL: <https://www.theguardian.com/environment/2025/nov/01/britain-canals-rivers-funding-climate-campaign>

Date: 2025-11-01

Summary: Environmental groups warn that UK inland waterways face severe under-funding as climate pressures rise, spotlighting infrastructure investment gaps.

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

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