

# NATURAL GAS

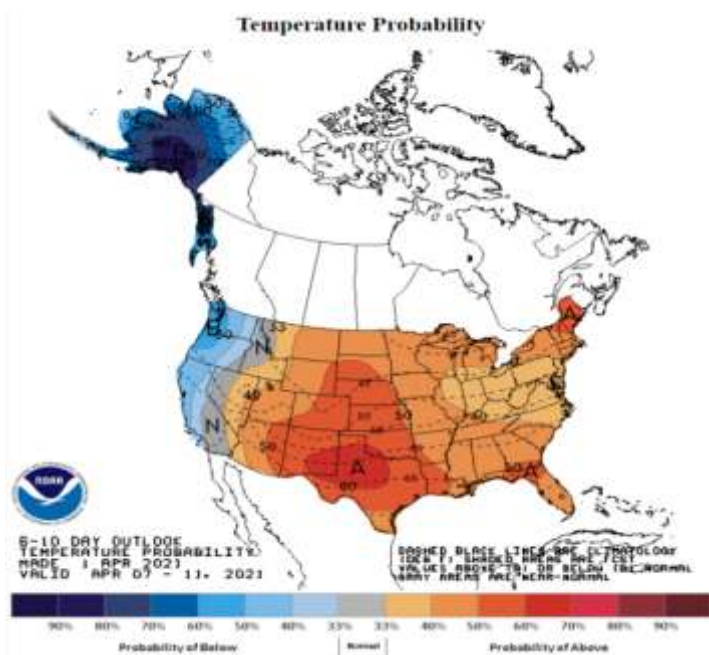
2<sup>nd</sup> April, 2021

## Global Natural Gas Prices to Plunge Amid Warmer Weather Conditions in United States

According to data from Point Logic Energy, the average total supply of natural gas has been similar compared to the previous report week, averaging at 95.4 Bcf/d (billion cubic feet per day). Dry natural gas production has been similar on a weekly basis to 91.3 Bcf/d from 91.1 Bcf/d, while average net imports from Canada has reported lower at 4.1 Bcf/d, during the last week.

On the other hand, demand for Natural Gas has been lower in the last week amid decrease in residential sector demand to 92.5 Bcf/d during last week compared with the previous week's report of 96.8 Bcf/d, according to data from Point Logic Energy. Decline has been witnessed in the residential sector to 20.6 Bcf/d, compared to 24.9 Bcf/d of the preceding week. Natural gas consumption in Industrial sector has been lower at 23.0 Bcf/d on a weekly basis, while the power usage has been similar at 24.8 Bcf/d during the last week. Furthermore, Pipeline fuel use/losses has been lower at averaging at 6.3 Bcf/d on a weekly basis, while exports to Mexico has been higher at 6.1 Bcf/d during the last week.

**Outlook:-** Fundamentally for the week ahead, we are estimating MCX Natural Gas futures to trade bearish in expectancy of steady supplies, lower demand/usage and rise in inventories observed on a weekly basis. Natural gas inventories has showcased a seasonal rise to 2240 billion cubic feet, higher compared to previous reported inventories of 2226 billion cubic feet. Similarly, the US CPC further expects warmer weather conditions for the next 6-10 days in this spring season which is expected to bring pressure in prices during the week ahead. Overall, we expect bearish trend in MCX Natural Gas Futures in the coming week.



U.S. CPC (Climate Prediction Center) survey for next 6-10 days, showcases that warmer temperatures are estimated to cover whole of the United States. This is expected to decrease the usage of Natural Gas for power sectors in the on going spring season. Conversely, cooler temperatures are expected to cover in the some parts of western coastal regions of the United States. Similarly, Alaska is expected to be extremely cold that could support demand for heaters. Since, the weather has been reported to be extreme and spring season is picking up pace, the overall demand for Natural Gas is expected to be mixed. In conclusion, the temperatures in United States are estimated to be 40% to 50% above normal temperatures making a net warmer weather conditions.

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