

NATURAL GAS

MCX Natural Gas futures had gradually inclined during the month of January closing at Rs.204.3/mmbtu by 3rd February. It is higher by 12.19% compared to Rs.182.1/mmbtu reported on 31st December. Bullish Sentiment has been witnessed in the market due higher usage of natural gas for heaters in the United States due to cooler weather conditions. On a yearly basis, higher usage of natural gas been witnessed in the residential and the commercial sectors. Similarly, the industrial sector has also witnessed rise in usage of natural gas while power sector has been similar over the years.

Fundamentally for the current month, we are estimating MCX Natural futures to trade bullish, as weather in the United States has been reported to be cooler in the on-going winter season which is expected to further support the demand for heaters. With U.S. winter season in the middle phase, we are expecting temperatures to be more cooler during the month ahead and lower compared to previous year. As per U.S. CPC, cooler weather conditions is expected to cover the whole of United States with extremely cold temperatures to be witnessed in the northern parts of the United States. Alaska regions could also witness cooler temperatures in the coming 8-15 days which is also a positive factor for the Natural gas prices. On a yearly basis, major incline in usage of natural gas been witnessed in the residential and the commercial sector. Conversely, the industrial and power sector has also witnessed lower usage of natural gas, but then we are forecasting recovered demand in the coming weeks. The inventories has been declining on a week on week basis, with the total supplies being reported to lower compared to the demand at 96.9 Bcf/d and 117.6 Bcf/d respectively. US Natural Gas inventories has been reported at 2955 billion cubic feet till 28th January, lower by 16.33% compared to 3532 billion cubic feet reported during 31st December 2020.

In conclusion, we expect a bullish trend for the coming weeks and recommend buying in MCX Natural Gas February Futures at CMP Rs.202/mmbtu for a target price of Rs.230/mmbtu and maintaining a stop loss below Rs.188/mmbtu on a closing basis.

Research Team

Mr. Sumeet Bagadia : Executive Director

Sunand Subramaniam
Sr. Research Associate

Sachin Gupta
Sr. Research Associate

Ian Gonsalves
Research Associate

Diksha Mhatre
Research Advisor

Sunandh Subramaniam

Quick Order Placement

Trade with **JIFFY**



Any kind of queries on RESEARCH,
contact us on: 022 - 67079933 / 971 / 978

Email: customercare@choiceindia.com

website: www.choiceindia.com

Connect us



Disclaimer: This is solely for information of clients of Choice Broking and does not constitute to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Choice Broking its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Choice Broking or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information. Technical analysis studies market psychology, price patterns and volume levels. It is used to forecast future price and market movements. Technical analysis is complementary to fundamental analysis and news sources. The recommendations issued herewith might be contrary to recommendations issued by Choice Broking in the company research undertaken as the recommendations stated in this report is derived purely from technical analysis. Choice Broking has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Choice Broking makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational purposes. The recommendations and suggested price levels are intended purely for trading purposes. The recommendations are valid for the day of the report however trading trends and volumes might vary substantially on an intraday basis and the recommendations may be subject to change. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment. **POTENTIAL CONFLICT OF INTEREST DISCLOSURE** (as on date of report) Disclosure of interest statement- • Analyst interest of the stock/Instrument(s):- No. • Firm interest of the stock/Instrument (s):- No.