

NATURAL GAS

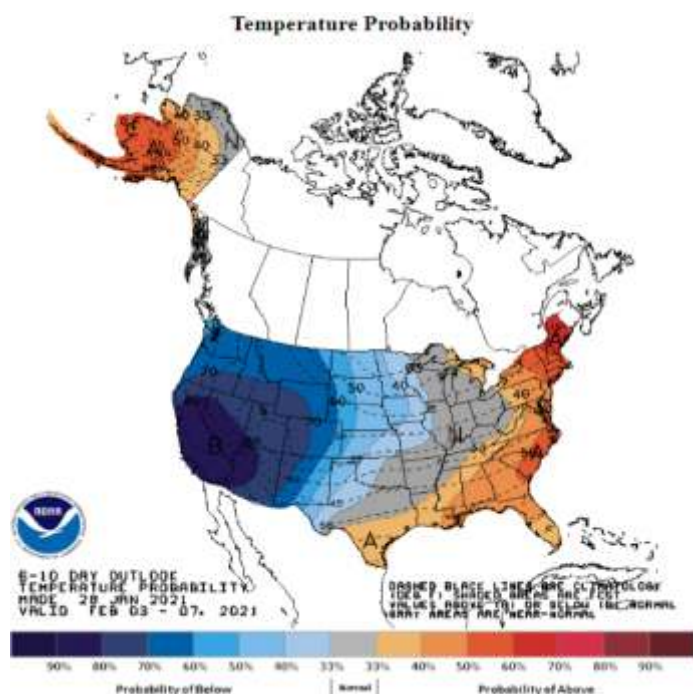
29th January, 2021

Fall in U.S. Inventories Along With Chills in U.S. to Support Global Natural Gas Prices

According to data from Point Logic Energy, the average total supply of natural gas has been higher compared to the previous report week, averaging at 96.9 Bcf/d (billion cubic feet per day). Dry natural gas production has been similar on a weekly basis to 90.5 Bcf/d from 90.3 Bcf/d, while average net imports from Canada has reported higher at 6.1 Bcf/d, during the last week.

On the other hand, demand for Natural Gas has been higher in the last week amid increase in power sector demand to 117.6 Bcf/d during last week compared with the previous week's report of 112.7 Bcf/d, according to data from Point Logic Energy. Incline has been witnessed in the residential sector to 42.8 Bcf/d, compared to 38.1 Bcf/d of the preceding week. Natural gas consumption in Industrial sector has been slightly higher at 24.9 Bcf/d on a weekly basis, while the power usage has risen up to 27.0 Bcf/d during the last week. Furthermore, Pipeline fuel use/losses has been higher at averaging at 7.0 Bcf/d on a weekly basis, while exports to Mexico has been higher at 5.9 Bcf/d during the last week.

Outlook:- Fundamentally for the week ahead, we are estimating MCX Natural Gas futures to trade bullish in expectancy of steady supplies, better demand/usage and fall in inventories observed on a weekly basis. Natural gas inventories has showcased a seasonal fall to 2955 billion cubic feet, lower compared to previous reported inventories of 3083 billion cubic feet. On the other hand, the US CPC further expects developed weather conditions for the next 6-10 days which is expected to support prices in the week ahead. Overall, we expect bullish trend in MCX Natural Gas Futures in the coming week.



U.S. CPC (Climate Prediction Center) survey for next 6-10 days, showcases that cooler temperatures are estimated to cover western parts of the United States. This is expected to increase the usage of Natural Gas for power sectors in the on going winter season. Conversely, warmer temperatures are expected to cover in the various parts of eastern regions of the United States. Near Normal temperatures is expected to some part of Eastern US. Alaska is expected to be warmer that could cap demand for heaters. Since, the weather has shown further improvements in the winter season from the last week, the overall demand for Natural Gas is expected to be better. In conclusion, the temperatures in United States are estimated to be 40% to 50% below normal temperatures making a net cooler weather conditions.

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