

# Natural Gas Report

June 14, 2021



## Natural gas prices surged to more than 7-month high last week.....

US NYMEX gas futures advanced more than 6 percent in the previous week on expectations of shortage of supply and increased US exports.

Henry hub front month natural gas futures prices closed higher by 6.43 percent in previous week after testing the highest levels since early November 2020 on weekend session bullish trades, a high of \$3.33 per mmBtu. Back home, here in domestic futures platform MCX Natural Gas futures were also in a bullish trend by achieving 71.15 percent and lastly settled at Rs 242.8 per mmBtu.

## U.S. Natural gas possibly to continue its upward trajectory move ..

- Expectation of intense heat in California and US west this week continue to push prices higher.
- Supply issues from Appalachia (one of the world's biggest producing region in US)
- Anticipation of warm weather patters for the for the next two weeks likely to support prices further.

**Natural gas exports and natural gas for electricity in US reached record highs in 2020(EIA)** In 2020, both natural gas consumption by the U.S. electric power sector and natural gas exports reached record highs, despite a 2 percent annual decline in domestic dry natural gas production. Dry natural gas production doesn't include natural gas plant liquids (NGPL), such as ethane and propane. In 2020, NGPL production grew to a record-high 2.7 trillion cubic feet, up 7 percent from 2019.

## Robust US exports to Asia, Europe and Mexico...

Natural gas demand remained steady on depletion of European gas storage over a freezing winter. While a speedy pandemic demand recovery in Asian region further supported the sentiments. Elsewhere, as economic growth in North America with hopes of another hot summer possibly to drive demand and prices, where US pipeline export to Mexico is poised to record levels, a record high of 2.0 trillion ft3 in 2020.

## U.S. Natural Gas storage increased in previous week..

The US natural gas storage industry posted addition in its latest report. The storage fields added just above the five-year average for the second consecutive week by an increase of 98 Bcf. Stocks were 383 Bcf less than last year at this time and 55 Bcf below the five-year average of 2,466 Bcf. At 2,411 Bcf, total working gas is within the five-year historical range.

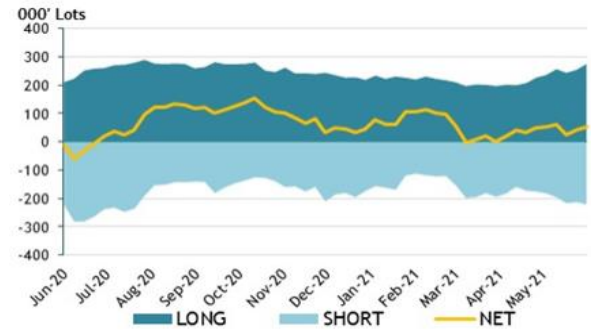


**NYMEX:** A direct break above \$3.4 would extend the bullish outlook in the near future. Meanwhile, an unexpected drop below 2.8 is a signal of reversal. In MCX, prices required to break Rs 250 to trigger major bullish rallies. Else, expect a choppy trading in the immediate run.

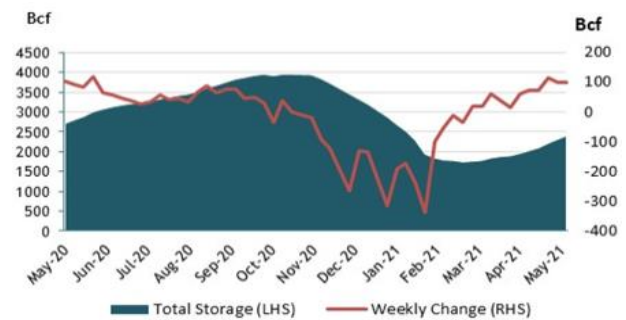
Exchanges	Close Price	WoW % Chg	YoY % Chg
<b>NYMEX</b>	<b>3.296(\$/mmBtu)</b>	<b>6.43%</b>	<b>88.24%</b>
<b>MCX</b>	<b>242.8(Rs/mmBtu)</b>	<b>7.15%</b>	<b>86.20%</b>

\*Near month futures contracts in NYMEX and MCX  
\*Prices mentioned above are Friday closing rates

## Money Managed F&O Positions in NYMEX



## EIA Natural Gas Storage (Billion Cubic Feet)



## Trading Outlook

	COMEX Jul	MCX Jun
Weekly View	MILD POSITIVE	MILD POSITIVE
Short Term View	RAGNE BOUND	RANGE BOUND
Technical Levels		
Trading Range	\$3.80-2.20	Rs 265-174
Resistance 1	3.40	243
Resistance 2	3.80	250
Resistance 3	4.18	265
Pivot	3.20	228
Support 1	3.15	232
Support 2	2.85	212
Support 3	2.20	188

GENERAL DISCLOSURES & DISCLAIMERS:CERTIFICATION

We, Krishna prasad N.B & Hareesh V, employees of Geojit Financial Services Limited (GFSL), author of this report, hereby certify that all the views expressed in this research report (report) reflect my personal views about any or all of the subject issuer or securities/ commodities.

DISCLAIMER

This report has been prepared by GFSL and the report & its contents are the exclusive property of GFSL and the recipient cannot tamper with the report or its contents in any manner and the said report, shall in no case, be further distributed to any third party for commercial use, with or without consideration.

GFSL has taken steps to ensure that facts in this report are based on reliable information but cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this report. It is hereby confirmed that wherever GFSL has employed a rating system in this report, the rating system has been clearly defined including the time horizon and benchmarks on which the rating is based.

Descriptions of any Commodity or Commodities mentioned herein are not intended to be complete and this report is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any commodity or other financial instruments. GFSL has not taken any steps to ensure that the commodity/(ies) referred to in this report are suitable for any particular investor. This Report is not to be relied upon in substitution for the exercise of independent judgment. Opinions or estimates expressed are current opinions as of the original publication date appearing on this Report and the information, including the opinions and estimates contained herein, are subject to change without notice. GFSL is under no duty to update this report from time to time.

RISK DISCLOSURE

Geojit Financial Services Limited and/or its Affiliates and its officers, directors and employees including the analyst/authors shall not be in any way be responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Investors may lose his/her entire investment under certain market conditions so before acting on any advice or recommendation in these material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. This report does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the Commodity/(ies) referred to in this report (including the merits and risks involved). The price, volume and income of the investments referred to in this report may fluctuate and investors may realize losses that may exceed their original capital.

The investments or services contained or referred to in this report may not be suitable for all equally and it is recommended that an independent investment advisor be consulted. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to individual circumstances or otherwise constitutes a personal recommendation of GFSL.



**REGULATORY DISCLOSURES:**

Geojit Financial Services Limited's Associates consists of companies such as Geojit Technologies Private Limited (GTPL- Software Solutions provider), Geojit Credits Private Limited (GCPL- NBFC Services provider), Geojit Investment Services Limited (GISL- Corporate Agent for Insurance products), Geojit Financial Management Services Private Limited (GFMSL) & Geojit Financial Distribution Private Limited (GFDPL), (Distributors of Insurance and MF Units). In the context of the SEBI Regulations on Research Analysts (2014), Geojit Financial Services Limited affirms that we are a SEBI registered Research Entity and we issue research reports /research analysis etc that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

**1. Disclosures regarding Ownership:**

*GFSL confirms that:*

It/its associates have no financial interest or any other material conflict in relation to the subject Commodity futures covered herein at the time of publication of this report.

*Further, the Research Analyst confirms that:*

He, his associates and his relatives have no financial interest in the subject Commodity futures covered herein, and they have no other material conflict in the subject Commodity at the time of publication of this report.

**2. Disclosures regarding Compensation:**

During the past 12 months, GFSL or its Associates have not received any compensation or other benefits from any entity/ third party in connection with the Commodity futures mentioned in this report.

**3. Disclosure regarding the Research Analyst's connection with the Commodity futures:**

It is affirmed that We, Manu Jacob & Hareesh V, employed as Research Analyst by GFSL and engaged in the preparation of this report have no substantial ownership or financial interest over any Commodity futures mentioned in the report.

**4. Disclosure regarding Market Making activity:**

Neither GFSL nor its Research Analysts have engaged in market making activities for the subject Commodity futures.

Copyright in this report vests exclusively with GFSL

**Geojit Financial Services Ltd., 34/659-P, Civil Line Road, Padivattom, Kochi - 682024**

Toll-Free Number: 1800-425-5501 / 1800-103-5501, Paid Number: 91 - 484 - 2901000

Research Entity SEBI Registration Number: INH200000345

Email id: [customercare@geojit.com](mailto:customercare@geojit.com), Web: [www.geojit.com](http://www.geojit.com)

SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, SEBI Registration No. Stock Broker: INZ000104737 / Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

