

# NATURAL GAS

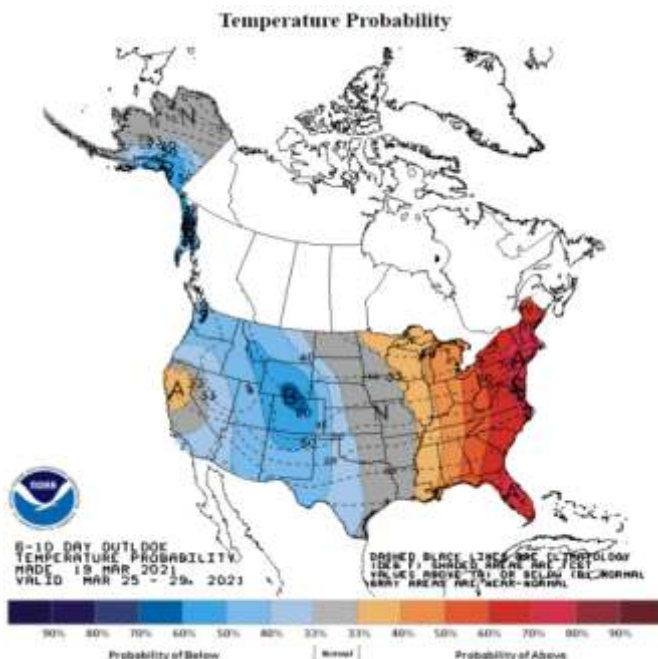
20<sup>th</sup> March, 2021

## Spring Season Weather and Easing Demand in U.S. to Pressure Global Natural Gas Prices

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 90.8 Bcf/d from 90.9 Bcf/d, while average net imports from Canada has reported lower at 4.6 Bcf/d, during the last week.

On the other hand, demand for Natural Gas has been lower in the last week amid decrease in power sector demand to 100.2 Bcf/d during last week compared with the previous week's report of 103 Bcf/d, according to data from Point Logic Energy. Decline has been witnessed in the residential sector to 28.4 Bcf/d, compared to 31.2 Bcf/d of the preceding week. Natural gas consumption in Industrial sector has been lower at 23.6 Bcf/d on a weekly basis, while the power usage has been similar at 23.6 Bcf/d during the last week. Furthermore, Pipeline fuel use/losses has been lower at averaging at 6.5 Bcf/d on a weekly basis, while exports to Mexico has been lower at 5.6 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 fall in inventories observed on a weekly basis. Natural gas inventories has showcased a seasonal fall to 2264 billion cubic feet, lower compared to previous reported inventories of 2275 billion cubic feet. On the contrary, the US CPC further expects extreme weather conditions for the next 6-10 days in this spring season which is expected to pressure prices in 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 eastern and central parts of the United States. This is expected to decrease the usage of Natural Gas for power sectors in the on going winter season. Conversely, cooler temperatures are expected to cover in the various parts of northern regions of the United States. Conversely, Alaska is expected to be near normal that could not support demand for heaters. Since, the weather started to ease down and spring season is picking up pace, the overall demand for Natural Gas is expected to be lower. In conclusion, the temperatures in United States are estimated to be 40% to 50% above and below normal temperatures making a net extreme weather conditions.

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