
Natural Gas prices to trade firm while above key support level of \$4.933

NATURAL GAS PRICES TO TRADE FIRM WHILE ABOVE KEY SUPPORT LEVEL OF \$4.933

- The November month expiry contract for natural gas is now trading at \$5.333, a significant drop from the recent high of \$6.4660 set on September 6th due to change in weather forecast for coming weeks. Forecasts from NOAA suggest normal temperatures across most of the U.S. over the next 60 days, which will reduce gas consumption and will increase inventory. Gas prices, on the other hand, are still higher than they have been since March 2014. Natural Gas prices found some ground on Tuesdays due to milder weather forecast from NOAA for Oct 17-21 across most of U.S. Southeast and West Coast which.
- The net short of natural gas futures fell by -12972 contracts to 133708 contracts during the week, according to the CFTC Commitments of Traders report for the week ended October 5. Speculative longs increased by +1470 contracts, while shorts decreased by -11502.
- US production, weak domestic demand, and last week's inventory report are all negative factors for gas prices. According to Bloomberg, US gas production on Sunday was 92.7 billion cubic feet, up 11.8 percent year over year. On Sunday, natural gas consumption was 58.2 bcf, down -2.0 percent year over year. Furthermore, the EIA report was negative for natural gas prices. Natural gas inventories in the United States increased by 118 billion cubic feet to 3,288 billion cubic feet in the week ended October 1, exceeding expectations of 108 billion cubic feet and the 5-year average of 81 billion cubic feet. Inventories, on the other hand, are down -14.2 percent year over year and -5.1 percent below their 5-year average.
- Natural gas prices are expected to remain stable due to a rally in global gas prices, increased export demand, and increased US domestic electricity production. Following a drop in inventory, European natural gas prices soared to a new high. Natural gas inventories in Europe are at their lowest point in more than a decade. According to BNEF, gas flows to US LNG export terminals were 10.5 bcf on Monday, up +2.8 percent w/w. Furthermore, electricity output in the United States increased by 6.1 percent year on year to 75,020 GWh in the week ending October 2. (gigawatt hours).
- Meanwhile, Baker Hughes reported last Friday that the number of active U.S. natural gas drilling rigs in the week ended October 8 was unch at 99, just below the one-and-a-quarter-year high of 104 rigs set on July 23.

Outlook

- Natural gas prices are expected to remain firm as long as they remain above the key support level of the 50-day exponential moving average of \$4.933, while immediate resistance is seen around \$5.975-\$6.151.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in