

Natural Gas Report

October 23, 2023



NYMEX Natural gas prices slipped on ample storage conditions

U.S. Henry hub natural gas futures slid to fresh two-week low putting the prices on a losing trajectory for an eighth day in a row, on record output, ample storage and low spot prices. The prices plunged despite forecasts the weather would turn seasonally cooler through early November, which should boost heating demand, and as the amount of gas flowing to liquefied natural gas (LNG) export plants rose to near record levels. Meanwhile, escalating geopolitical tensions in the Middle East could result in Suez Canal blockages and severe liquefied natural gas shipping restrictions. Liquefied natural gas prices could rise this winter due to the escalating war in the Middle East, which could cause shipping restrictions via the Suez Canal. In 2022, 16% of the LNG supply to Europe passed through the Suez Canal, meaning any disturbances to the waterway caused by the Israel-Palestine war could affect the gas prices drastically this winter.

Russia aims to boost LNG sales, trade with China via NSR

Deputy Prime Minister Alexander Novak stated that Russia intends to enhance LNG trade with China via the Northern Sea Route (NSR) and become its top LNG supplier. Last week, President Vladimir Putin paid a visit to China and urged foreign investment in the NSR to expand commerce between the east and the west. The route travels from Murmansk, close to the border between Russia and Norway, eastward to the Bering Strait, close to Alaska. When Putin's group travelled to China, Novak met Chinese Vice Premier Ding Xuexiang and gave a speech at a commercial event between the two countries. According to Novak, Russia is presently China's fourth-largest LNG exporter. On the world LNG market, Russia competes against Qatar, the US, and Australia.

Money managed positions NYMEX Natural Gas F&O

Money managers reduced their long positions and added short positions in Henry Hub Natural Gas futures and options contracts in NYMEX platform the week ended on October 20, the U.S. Commodity Futures Trading Commission (CFTC) reported. The net long positions remained below zero.

U.S. Natural Gas storage change

The Energy Information Administration reported that the natural gas stored in the underground storage utilities in U.S. were added by 97 billion cubic feet (bcf) in the week ended October 13. The total working natural gas storage at underground facilities are 3626 billion cubic feet. The storage level is 9.0 percent above the level seen at same period a year ago, and 5.1 percent higher than 5 year average.



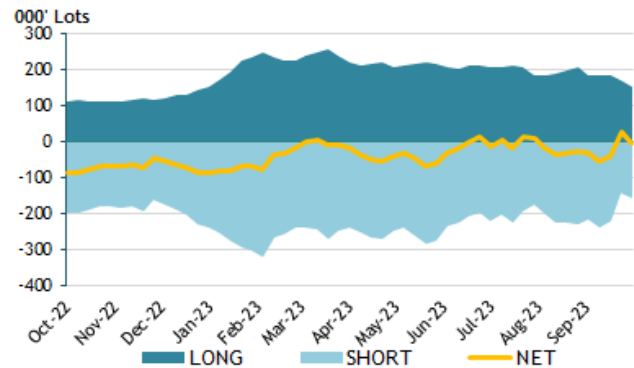
NYMEX Natural Gas: Prices may appear firmer above the resistance of 3.50. Whereas, a dip below 2.90 region may induce weakness as well.

MCX Natural Gas: Range bound moves expected to witness in the counter. Steady gains above 285 may strengthen the prices. Weakness may witness only below 240.

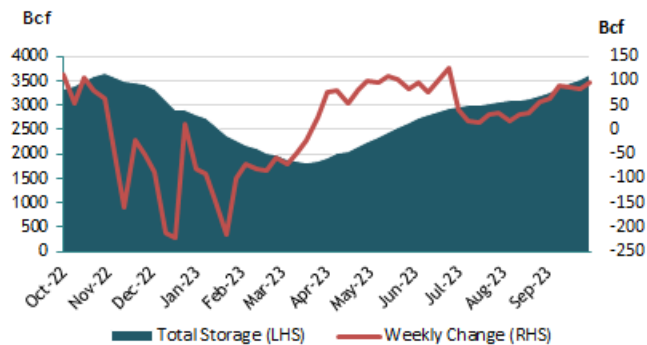
Exchanges	Close Price	Monthly % Chg	YoY % Chg
NYMEX	2.913 (\$/mmBtu)	10.47%	-54.16%
MCX	242.3 (Rs/mmBtu)	10.79%	-53.14%

*Near month futures contracts in NYMEX and MCX
*Prices mentioned above are of Monday 2:30pm IST

Money Managed F&O Positions in NYMEX



EIA Natural Gas Storage (Billion Cubic Feet)



Trading Outlook

Periodicity	NYMEX Dec	MCX Nov
Monthly View	RANGE BOUND	RANGE BOUND
Short Term	MILD POSITIVE	MILD POSITIVE
Technical Levels		
Trading Range	\$2.40-4.70	Rs 212-345
Resistance 1	4.10	315
Resistance 2	4.70	345
Resistance 3	5.30	370
Pivot	3.50	285
Support 1	2.90	240
Support 2	2.40	212
Support 3	1.90	203

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