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Natural Gas: Rally in Sight

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04/08/2022

Natural Gas Fundamental Update

- Robust heat forecast into August as extreme heat has already boosted power demand to record highs in several parts of the country, including Texas and other U.S. Central states, as homes and businesses crank up their air conditioners to escape the weather
- Global demand for U.S. LNG exports also remains elevated. The United States became the world's largest LNG exporter during the first half of 2022. Compared with the second half of 2021, U.S. LNG exports increased by 12% in the first half of 2022, averaging 11.2 Bcf/d
- U.S. LNG exports continued to grow for three reasons—increased LNG export capacity, increased international natural gas and LNG prices, and increased global demand, particularly in Europe.
- As a longer-term bullish factor, the ongoing drought in the U.S. West has drained rivers and reservoirs, with Lake Mead recently falling to a record low. That threatens to curb power produced by hydropower dams and will prompt electric utilities in the U.S. West to boost usage of nat-gas to increase electricity to satisfy power demand for air-conditioning this summer.
- Gas consumption in the industrial sector remains the strongest component in global growth, and accounts for about 60% of the total increase in gas demand during the 2021 to 2025 period
- Natural gas could favour bullish sentiments amid a sudden surge in demand amid growing fear of power outage amid pollution control efforts by the US.

MCX Natural Gas Technical Update



- The trend for MCX Natural gas is reversing to positive as it has broken out above a falling channel
- The initial expected target is ₹ 690 after that ₹ 750 will be the next target based on the pattern formation. Any dip between ₹ 640 and ₹ 630 could be a right time to invest
- If price closes below ₹ 590, the view will be invalidated.

NYMEX Natural Gas Technical Update



- The trend for NYMEX Natural gas is reversing to positive as it has taken a support at trend line and formed a bullish engulfing candlestick pattern
- The initial expected target is \$ 8.65 after that \$ 9.40 will be the next target based on the pattern formation. Any dip between \$ 8.05 and \$ 7.90 could be a right time to invest
- If price closes below \$ 7.40, the view will be invalidated.

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