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Natural gas: The Piercing Rise!

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Natural Gas Fundamental Update

- Natural gas prices rallied on cold weather forecast, boosting heating demand
- Commodity Weather Group forecasts have shifted colder for parts of the West and central US from November
- Hurricane approaching the Gulf of Mexico has fuelled supply concerns, supporting price.
- October's average production in the Lower 48 U.S. states slightly dropped to 101.7 bcf/d from Sep 101.8 bcf/d, remaining below Dec 2023's record high production of 105.5 bcf/d
- Working natural gas stocks totalled 3,863 Bcf, which is 178 Bcf (5%) more than 5 yr average and 107 Bcf (3%) more than last year at this time.
- The average rate of injections into storage is 22% lower than five-year average so far in refill season
- Increased U.S. electricity output supporting natural gas demand
- Natural gas consumption in Sep 2024 was 87.8 Bcf/d, a 1.8% increase compared with 2023.
- The daily rate of natural gas consumption was the highest for the month since 2001
- The restart of operations at the Freeport LNG export facility in Texas is supporting prices as it increases demand for natural gas
- LNG exports demand remained strong, with Sep 2024 exports higher by 3.1% compared to last year
- Prices are expected to stay positive and trade higher in near term.

MCX Natural Gas Technical Update



- MCX Natural gas on the weekly chart has formed a piercing line pattern at the 20 period SMA level indicating a strong bullish reversal
- Prices broke out of its broader range resuming an uptrend along with RSI positioned above midpoint mark of 50 suggesting buying strength
- We recommend to create long positions in the current range of Rs. 235 - Rs. 231 with a stop loss below Rs. 215 level on closing basis with an expected target towards Rs. 250 and Rs. 262 as an extended target.

NYMEX Natural Gas Technical Update



- On the weekly chart in NYMEX Natural Gas, prices have formed a piercing line pattern at the crucial support of 20 period SMA indicating significant bullish reversal
- For the prior three weeks, prices have gradually increased after forming a base
- We recommend to create long positions at \$2.79 - \$2.74 with a stop loss below \$2.55 level on closing basis with an expected target towards \$2.98 and \$3.12 respectively.



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