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Pathfinder

Natural Gas : Supply Rush!

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Fundamental Update

- Natural gas prices slipped 15% from April high's after a strong heating season start as subdued cooling demand, and elevated storage builds, signify seasonal lull
- Geopolitical tensions initially spiked prices by 8%, but ceasefire de-escalation caused premium to fade, shifting focus back to weak fundamentals
- China has strategically reduced U.S. LNG imports since March, favouring UAE deals and renewables for energy security.
- Domestic natural gas demand is lagging at 79.9 Bcfd, with power generation down 3.1% YoY
- Power burn demand is currently around ~46 Bcf/d, 2% below last year
- Record-breaking natural gas production in Lower 48 states (106.0 Bcfd) continues to be a major headwind.
- Inventories are 6.1% above seasonal averages, with injection rates 28% above the five-year average.
- The recent cooling demand is still insufficient to create a very tight market looking at physical market and implied balance
- The fundamental outlook remains bearish, primarily due to weather forecasts and high storage levels.

MCX Natural Gas Technical Update

- MCX Natural Gas has broken below internal rising channel and is now approaching the lower bound of the falling wedge pattern
- The price action maintains a typical bearish structure, forming a series of lower highs and lower lows
- Prices are trading below both the 50-day and 21-day EMAs, reinforcing the bearish sentiment
- We advise selling in the range of ₹285 – ₹286 , with a stop-loss placed above ₹305 on a closing basis, and a downside target of ₹250

LME Natural Gas Technical Update

- On the daily chart, NYMEX Natural Gas has breached the rising wedge pattern on the downside.
- Prices are now trading below both the 50-day and 21-day EMAs, indicating prevailing bearish momentum.
- We suggest selling on any pullback towards the $3.32 – $3.33 zone, placing a stop loss above $3.56 on a closing basis, and aiming for a downside target of $2.90.

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