

---

US Natural Gas under pressure from addition for domestic supply

---

---

## US Natural Gas under pressure from addition for domestic supply

---

- ▲ The Nymex US Natural Gas futures contract is now trading near \$7.258, down from last week's high of \$9.664 on June 8, 2022. Natural gas prices fell yesterday after Freeport LNG said its facility, which caught fire last week, is unlikely to reopen anytime soon. Freeport terminal is set a target of 90 days for a partial restart, but a return to full operations isn't expected until later this year. Freeport's operation accounts for approximately 17% of the United States' LNG processing capacity. As a result, the US natural gas market will be temporarily oversupplied, as 2 bcf/d, or slightly more than 2% of demand for US natural gas.
- ▲ Natural Gas prices are likely to find support from increasing air conditioning demand in US after Atmospheric G2 said Monday that above or much-above temperatures are expected across a large portion of the central and southern U.S. from June 18-22. Natural gas is used to produce electricity in US.
- ▲ Gas prices are likely to remain firm due to increasing domestic demand, higher electricity production and export demand. As per Bloomberg data, US nat-gas demand Tuesday was 70.166 bcf, up +3.4% y/y & LNG net flows to U.S. LNG export terminals on Tuesday was 11.11 bcf, up +24.1% y/y. Additionally, the Edison Electric Institute reported last Wednesday that total U.S. electricity output in the week ended June 4 rose +8.2% y/y to 80,794 GWh (gigawatt hours).
- ▲ Natural Gas prices are likely to get fresh direction from weekly inventory data later on Thursday. Last Thursday's weekly EIA reported that, natural gas inventories rose +97 bcf to 1,999 bcf in the week ended June 3, below expectations of +98 bcf. Inventories remain tight and are down -17.1% y/y and -14.5% below their 5-year average which is positive for the prices.
- ▲ US Active gas rigs have more than doubled from the record low of 68 rigs posted in July 2020. Baker Hughes reported last Friday that the number of active U.S. natural gas drilling rigs in the week ended June 10 was unchanged at a 2-1/2 year high of 151 rigs.
- ▲ According to the CFTC Commitments of Traders report for the week ended 7 June, net short of natural gas futures increased by 3974 contracts to 114342. Speculative longs increased by 6586 contracts while shorts increased by 10560 contracts.

### Outlook

- ▲ NYMEX Natural gas prices are likely to remain under pressure while below \$7.65 meanwhile immediate support level could be seen around \$6.97-\$6.80

---

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

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto: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](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://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](http://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](mailto:compliance@abans.co.in)