
Above normal temperature forecast to keep gas prices under pressure

ABOVE NORMAL TEMPERATURE FORECAST TO KEEP GAS PRICES UNDER PRESSURE

- Natural gas prices are slightly higher than yesterday's low of \$3.686, trading near \$3.802. However, a change in the weather forecast is expected to maintain the bearish trend for the time being. Outlook for above-average U.S. temperatures over the medium term is likely to keep gas prices under pressure which will reduce heating demand during winter season. Data agency Maxar projects that December would likely be the third warmest going back to 1950 based on natural gas consumption.
- Natural gas prices are likely to remain under pressure due a drop in domestic and foreign demand. A drop in electricity production is also likely to keep gas prices under pressure. As per Bloomberg data, US domestic demand for natural gas on Tuesday was 82.5 bcf, down -16% y/y. Also, Gas flows to U.S. LNG export terminals on Tuesday was 10.7 bcf, down -4.1% w/w. Additionally, The Edison Electric Institute reported last Wednesday that total U.S. electricity output in the week ended Dec 4 fell -2.9% y/y to 73,744 GWh (gigawatt hours).
- However gas prices are likely to find some support from US production data. As per Bloomberg data, US production on Tuesday at 89.3 bcf, down -1.7% y/y and the lowest in 10-1/2 months.
- Last Friday, Baker Hughes announced that the number of active US natural gas drilling rigs increased by 3 rigs in the week ending December 10 to a 1-1/2-year high of 105 rigs. The number of natural gas rigs is far higher than the record low of 68 rigs set in July 2020.
- The net short of natural gas futures fell by 235 contracts to 132 443 contracts during the week, according to the CFTC Commitments of Traders data for the week ended December 7. The number of speculative longs fell by 13552 contracts, while the number of speculative shorts fell by 13787 contracts.
- On the US inventory front, according to the EIA, natural gas inventories declined -59 billion cubic feet to 3,505 billion cubic feet in the week ending December 3, above estimates of -55 billion cubic feet. Natural gas supplies are still limited, with stockpiles down -8.9% year on year and 2.5 percent below their five-year average.

Outlook

- Natural gas prices are likely to trade lower while below the \$3.91-\$3.984 barrier line. Immediate support may be seen in the range of \$3.676-\$3.522.

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

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: 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 | Website: 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 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