
Restocking over the winter season is expected to keep NG prices stable

RESTOCKING OVER THE WINTER SEASON IS EXPECTED TO KEEP NG PRICES STABLE

- Natural gas prices have fallen from a recent high of \$5.650 in the last four trading sessions as a result of weak demand forecasts and are now hovering around \$4.845.
- The weather forecast in the United States is keeping gas prices under pressure. The Weather Company reported on Tuesday that temperatures on the East Coast will be typical from October 1 to 5.
- Despite decreased supply and domestic demand following hurricanes, gas prices are expected to recover their current momentum. Hurricane Ida caused greater damage to the Gulf of Mexico than first thought. Hurricane Ida had shut down 25.4 percent of offshore gas production in the United States as of Tuesday afternoon.
- Meanwhile, according to BNEF, gas flows to US LNG export facilities were 9.6 billion cubic feet on Tuesday, well below usual levels of 10.5 billion cubic feet. Restocking for the winter season in Asia and Europe, on the other hand, is anticipated to boost export demand in the near future.
- Domestic natural gas consumption, on the other hand, has slowed, according to Bloomberg statistics. On Tuesday, the US consumed 61.9 billion cubic feet of natural gas, the lowest level since September 11. In addition, US gas production on Tuesday was 91.527 bcf, up +2.5 percent year over year, putting downward pressure on prices.
- The net short of natural gas futures increased by 25601 contracts to 148579 contracts, according to the CFTC Commitments of Traders report for the week ended September 14. For the week, speculative long positions fell by -15932 contracts, while speculative short positions rose by 12669 contracts.
- On the inventory front, the weekly EIA report revealed that gas stockpiles increased by +83 billion cubic feet to 3,006 billion cubic feet in the week ending September 10, exceeding the consensus of +76 billion cubic feet and the 5-year average of +79 billion cubic feet. Gas supplies in the United States are still extremely scarce, with inventories down -16.8% year over year and -7.1 percent below their 5-year average. This week's inventory report is likely to provide further direction.
- Last Friday, Baker Hughes announced that the number of active U.S. natural gas drilling rigs declined by one rig to 100 in the week ending September 17, just below the 1-1/4-year high of 104 rigs set on July 23.

Outlook

- Natural gas prices are expected to find technical support near the 20-day and 50-day exponential moving averages of \$4.823 and \$4.387, respectively, while immediate resistance is expected near \$4.989 and \$5.173.

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