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Natural gas prices plummeted after reports of little damage from Hurricane Ida

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## NATURAL GAS PRICES PLUMMETED AFTER REPORTS OF LITTLE DAMAGE FROM HURRICANE IDA

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- ▲ Natural gas prices for the October month expiry contract fell from a recent high of \$4.526 following news that Hurricane Ida caused little damage to US natural gas platforms in the Gulf of Mexico. After falling to \$4.222 yesterday, natural gas prices are today trading at \$4.327 with mild gains.
- ▲ Because of the colder temperatures predicted by Maxar, natural gas prices are anticipated to continue under pressure. From September 4 to 8, temperatures in the Midwest and Mid-Atlantic are expected to be cooler than previously forecasted. Also, after Hurricane Ida missed Cameron's export facilities, supplies of US natural gas should continue to flow.
- ▲ Natural gas exports from the United States have halted, lowering prices. According to Bloomberg statistics, gas flows to US LNG export facilities were 10.2 billion cubic feet on Monday, down 1% year over year. Additionally, US gas output was at 89.935 bcf on Monday, up +1.3 percent year over year, which is bearish for gas prices.
- ▲ However, rising electrical production and domestic consumption are expected to keep gas prices stable. Last Wednesday, the Edison Electric Institute reported that overall U.S. energy output increased by 3.7 percent year over year to 89,556 GWh in the week ending August 21. (gigawatt hours). According to Bloomberg data, natural gas usage in the United States increased by 4.4 percent year over year to 67.1 billion cubic feet on Monday.
- ▲ In terms of inventory, According to the EIA, US natural gas stocks increased by +29 billion cubic feet to 2,851 billion cubic feet in the week ending August 20, compared to a consensus of +39 billion cubic feet and a 5-year average of +44 billion cubic feet. Gas supplies in the United States are severely scarce, with inventories down -16.6 percent year over year and -6.2 percent below the five-year average.
- ▲ Last Friday, Baker Hughes announced that the number of active natural gas drilling rigs in the United States for the week ending August 27 remained stable at 97, slightly lower than the 1-1/4-year high of 104 rigs set on July 23. The rig count report foreshadows future gas supply in the United States.
- ▲ The net short position in natural gas futures climbed by 3512 contracts to 166577 contracts for the week ending August 24, according to the CFTC Commitments of Traders report. Speculative long positions fell by 11434 contracts, while short positions fell by 7922. Natural gas prices have just dropped, which should help net shorts in the coming week.

### Outlook

- ▲ Natural gas prices are expected to confront severe resistance at \$4.39 and \$4.53, while considerable support might be found near the 50-day EMA at \$3.861.

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