Commodity of the Month

Global Perspective | Strategic Outlook

November 2025 Edition

FUNDAMENTAL OVERVIEW

❖ GLOBAL FUNDAMENTAL OVERVIEW

- Natural gas markets enter November 2025 with a delicate balance, where bullish winter demand signals clash with bearish supply abundance risks. US production hit record 107 Bcf/d in Q3, per EIA, fueling LNG exports but capping domestic prices at $3.80/MMBtu (Henry Hub, Oct 30).

- MCX NG, as a proxy for imported LNG dynamics, mirrors this with November contract at 320 INR, up 9% MoM amid INR depreciation. European markets, key for MCX pricing, show TTF at 32 EUR/MWh, supported by 83% storage but vulnerable to Russian transit expiry (Dec 2024 legacy effects lingering).

- IEA's Gas 2025 report flags 1.3% global demand growth in 2025 (slow from 2.8% 2024), accelerating to 2% in 2026 as Asia rebounds, but warns of LNG oversupply (+40 bcm 2026) pressuring prices toward $8-11/MBtu marginal costs.

- OPEC's October MOMR remains oil-focused, projecting 105.1 mb/d demand but implying neutral gas spillover via stable Middle East production (Qatar +75 bcm by 2030).

- Recent LNG flows underscore bullish tilt: US exports to Europe +28% YoY (127 bcm Q1-Q3), offsetting -45% Russian piped gas. Weather models (NOAA/CPC) suggest mixed HDD: US cooler north (+5-10% vs. normal), Europe balanced but +160 cargoes needed for security.

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EIA Weekly Storage Analysis

- US storage stands at 3,808 Bcf (Oct 17), +87 Bcf injection vs. +78 Bcf consensus, yet 1% surplus to 5-year average signals caution for winter draws. Last 12 months saw peak 4,130 Bcf (Sep 2025) and trough 2,780 Bcf (Feb 2025), with net +445 Bcf build. Table above highlights Q4 acceleration (+80 Bcf/week avg), but IEA notes EU deficit at 13 bcm (Oct), short of 90% target, amplifying draw risks if HDD exceeds forecasts.

Forecast by US Energy Information Administration

- We expect the Henry Hub spot price to increase from around $3.00 per million British thermal units (MMBtu) in September to $4.10/MMBtu by January 2026, almost 50 cents/MMBtu lower than we forecast last month. We expect the Henry Hub price to average about $3.90/MMBtu overall in 2026. Our lower price expectation reflects our forecast that natural gas production will be higher than we forecast last month, leading to more natural gas in inventory through the winter than previously expected.

- We now expect inventories to reach almost 3,980 billion cubic feet (Bcf) at the end of injection season, or 5% more than the five-year average. This forecast is almost 70 Bcf more than we forecast last month. hese higher-than-expected stocks at the start of winter support more natural gas in storage throughout winter 2025–26, assuming near-normal temperatures.

Natural gas production

- We expect marketed natural gas production in the U.S. Lower 48 (L48) states to increase slightly in 2026 to an average of more than 118 billion cubic feet per day (Bcf/d) as growth from the three most prolific natural gas producing regions—the Appalachia, Permian, and Haynesville—is partly offset by declines from producing regions in the rest of the L48 states.

FUNDAMENTAL OVERVIEW

❖ LNG export capacity

- The United States is scheduled to add more than 5 Bcf/d in liquefied natural gas (LNG) export capacity combined over 2025 and 2026. By the end of 2025, we forecast all blocks will begin exports, adding 2.6 Bcf/d of nominal LNG export capacity and 3.2 Bcf/d of peak export capacity, driving most of the increase in LNG exports compared with 2024.

❖ European TTF & Storage Dynamics

- EU storage at 82.9% (Oct 26) exceeds 75% baseline but trails 2024's 95%; ENTSOG Winter Outlook 2025/26 projects 35% end-winter fill sans Russian gas, resilient via +LNG but sensitive to cold snaps. TTF forward curve: Q1 2026 at 32 EUR, implying +5% premium to spot on weather volatility. Recent data: Oct prices 31-33 EUR/MWh range, up 2% MoM.

❖ Recent LNG Flows & OPEC Commentary

- US LNG exports 451 Bcf (Aug, +4% MoM), Europe top destination (60% share); Q3 trade +4.7% global (19 bcm). OPEC+ output hikes (1.5 mb/d since Apr) indirectly bearish for gas via oil-gas arbitrage, but MOMR notes "resilient demand" without NG upside calls. IEA symposium with OPEC/IEF (Oct 8) highlights coal-to-gas switching potential (+29 bcm/yr Asia by 2030).

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❖ Weather (Forecasted by EIA)

- As we transition into the winter months, we assume cooler temperatures in the fourth quarter of 2025 compared with the same period in 2024 to contribute to 9% more heating degree days (HDDs) in 2025 compared with 2024. Based on our current forecasts and data from the National Oceanic and Atmospheric Administration, our forecast assumes the United States will experience a cooler October this year compared with last, with about 220 heating degree days (HDDs) in October, 19% more HDDs than in October 2024, but the same HDDs than the 10-year monthly average.

- Overall, our forecast assumes the 2025–2026 winter heating season (November–March) will be cooler than the previous winter season with a total of 3,150 HDDs (3% more HDDs), increasing energy use for space heating this winter. Our expectations for energy expenditures for the 2025–2026 winter season are outlined in our Winter Fuels Outlook, which will be released on October 15.

❖ Weather HDD Outlook

- US: NOAA probabilistic warmer south (Northeast 40% above normal), cooler north (Pacific NW 30% below); CPC monthly HDD forecast: Nov 731 (New England, -37 departure), Dec 1,086 (-41). Europe: Balanced, but Argus outlook flags household demand +5-10% in cold scenario (10% probability). AGA estimates 8% lower bills vs. 2022-23 winters on milder bias.

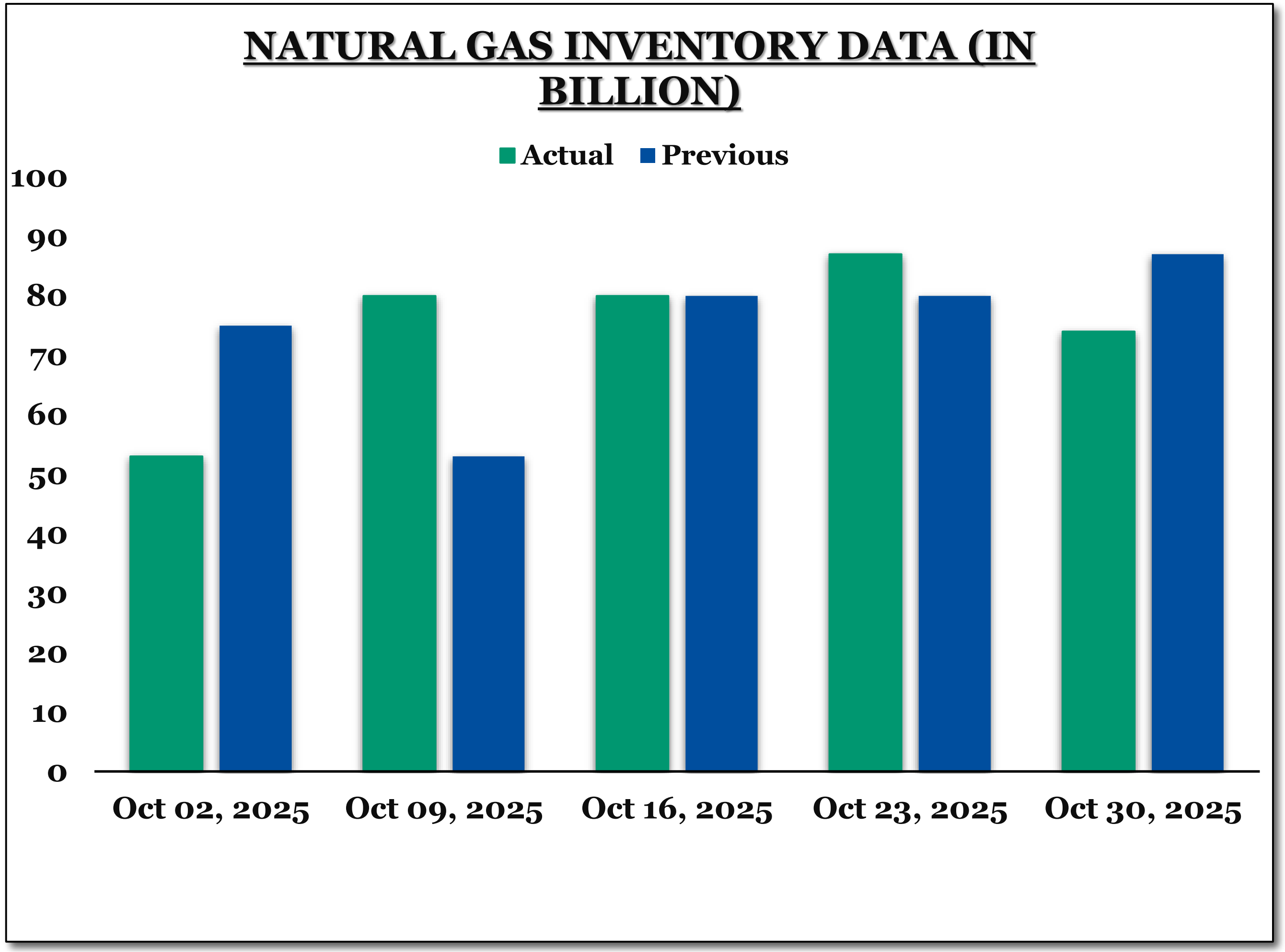
NATURAL GAS

MCX NATURAL GAS		
MONTHS	OPEN INTEREST	VOLUME
JULY	35.69 k	2.29 m
AUGUST	24.87 k	1.92 m
SEPTEMBER	21.77 k	2.64 m
OCTOBER	18.13 k	2.79 m

NYMEX LIGHT NATURAL GAS		
MONTHS	OPEN INTEREST	VOLUME
JULY	282.34 k	2.92 m
AUGUST	241.51 k	2.91 m
SEPTEMBER	299.67 k	3.23 m
OCTOBER	216.93 k	4.19 m

NATURAL GAS INVENTORY DATA

NATURAL GAS INVENTORY DATA (IN BILLION)		
WEEKS	**Actual**	**Previous**
Oct 02, 2025	53B	75B
Oct 09, 2025	80B	53B
Oct 16, 2025	80B	80B
Oct 23, 2025	87B	80B
Oct 30, 2025	74B	87B



NATURAL GAS TECHNICALS

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❖ Technical Overview

- NYMEX natural gas futures gained in the previous month and formed a morning star candle pattern followed by a bullish candle on the monthly chart. Natural gas prices on the weekly chart, are trading in a rectangle shape price pattern with moderate volume and prices are continue sustaining above 200-SMA. Natural has has formed a Cup & Handle pattern on the monthly chart and prices are trading in a bullish price channel on the weekly and monthly chart.

- The MACD is positive and showing a strong buying momentum while the RSI is at 59 on the weekly chart. In MCX, prices are trading above 50, 100 and 200-SMA and 50-SMA has crossed above 100-SMA on the weekly chart. Also, prices have given a break-out from falling wedge price pattern on the daily & weekly charts indicating bullish trend for the upcoming weeks. Natural gas has support at 230 and resistance at 410—520.

❖ MCX Contract & Option Data

- November futures OI ~15,000 contracts (up 5% WoW), volume 2.5L MMBtu/day. Option chain: Call OI max at 350 (8,000), put at 300 (7,500); skew bullish (PCR 0.85). IV 22% (front month), implying 10% move potential. Historical volatility 35% (6-mo).

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